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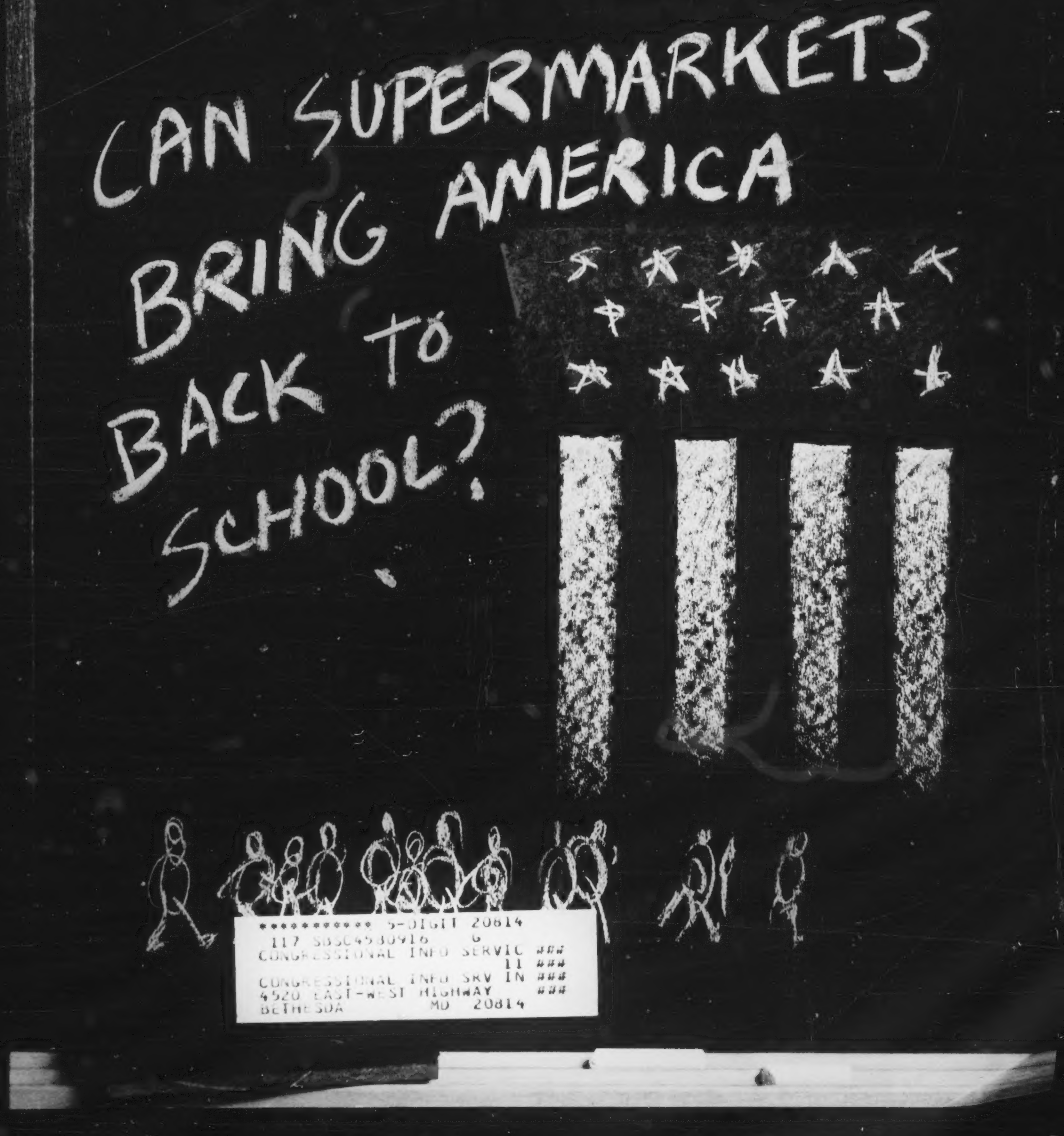
CAN SUPERMARKETS
BRING AMERICA
BACK TO
SCHOOL?

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SUPERMARKET BUSINESS

NOVEMBER 1990
VOLUME 45/NUMBER 11

Page 23

Page 31

Page 21

FEATURES

CAN SUPERMARKETS BRING AMERICA BACK TO SCHOOL? 23
KEN PARTCH, MIKE DUFF AND FRANK HAMMEL

Just when the need for education is greater than ever, America's schools find themselves in a state of crisis. Some supermarkets are trying to help students...and with some innovative approaches, they are succeeding.

FRESH FISH & SEAFOOD 1990 DEPARTMENT OPERATIONS REVIEW 31
DAVID LITWAK AND JANET TORRES CEPEDA

Although fresh fish and seafood sales topped $4 billion for the first time last year, the department's growth continues to lag behind expectations. A slowdown in future expansion seems likely.

AT PRICE CLUB, THE GOLDEN RULE KEEPS THE CUSTOMER SATISFIED 37
RICHARD BRAGAW

An effort to look at everything from the customer's point of view has helped one company achieve remarkable success.

NONFOODS BUSINESS

VIDEO II: THE REBIRTH MIKE DUFF 45

Faced with stiff competition in the field of video rentals, can supermarkets find greater success in the changing market of video sales?

GM/HBA ISSUES FRANCIS E. WILLMES 50

SAMI UPDATE ALAN B. MILLER JR. 52

INSTORE BUSINESS

ALFALFA'S SUCCESS STORY: IT'S ONLY NATURAL HOWARD RIELL 1A

Offering a remarkable selection of products made without preservatives, pesticides, or chemical additives, one small Colorado chain is a growing success story.

PREPARING FOOD . ELAINE READER 15A

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **5**
WASHINGTON BRIEFS **7**
TRADESCAN **11**
SUPPLIER SIDE **15**
TECHNOLOGY **17**
PRODUCE **21**
NEW PRODUCTS ... **64, 12A**
NOVEMBER CONTEST ... **68**
ADVERTISER'S INDEX ... **69**
CHECKOUT **70**

Cover Illustration: Steve Sweny
Cover Photo: David DiMicco

EDITOR'S VIEW

BEYOND ALTRUISM

By Ken Partch, Editor-in-Chief

In a recent speech given at the California Grocers Association meeting, industry consultant Jack Cohen made these observations:

"1. Payroll represents well over 50 percent of the industry's gross profits.

"2. Productivity has declined steadily in recent years. After allowing for inflation, sales per work hour have declined in both dollars and pounds.

"3. Increases in productivity have not kept pace with cost increases.

"4. Major capital investments made to increase productivity have not generally paid for themselves.

"5. A 10 percent reduction in payroll will come close to doubling your net profit.

"6. It costs $1,500, on average, to hire and train an employee.

"7. It costs another $1,500 to replace an employee who quits or is fired."

Question: To improve productivity would it seem sensible to teach people to work smarter, and to cut turnover?

The human resources manager of a big city chain was interviewing candidates for department manager, and distributed a form that required answers to four basic questions—questions such as 'What is your name?' and 'What have you done previously?' The form proved to be too difficult for many of the applicants who either had a language problem or were functionally illiterate.

Question: Do supermarket operators in such communities have a selfish interest in remedial reading and writing programs? That's what this chain has started.

A 40-store chain with a 40 percent market share in one community must also find most of its customers and workers in that community. The community has a high school dropout rate of 25 percent from the ninth grade to projected graduation date.

Question: Does this chain have a selfish interest in cutting the dropout rate in that community? That's just what it is doing with an intensive work-scholarship program.

If the answers to all the above questions are "Yes," is it altruistic for these companies to become involved directly in the community's problems of education, or simply enlightened self-interest?

There's nothing to prevent you from becoming involved with a coalition to help change the culture of public education—or starting one.

Then there is the question asked by Brad Butler, former chairman of Procter & Gamble and now deeply involved in the nation's education problems: "When was the last time that you as an employer asked to see the school transcript of a prospective employee?" We're not suggesting that you hire only people with high grades at school, but a show of interest might imply that you find school performance relevant. It also might indicate the kind of performance you can expect on the job.

While supermarkets are heavy users of part-time workers, often high school students, are you concerned that the job could be interfering with school work, if the student is using the job as an excuse for not doing homework, or for not getting remedial tutorial help when needed?

Teachers are well aware of this problem, but parents are often too pleased that the child is earning enough money to support a car and new clothes, perhaps at the expense of school work. Too often, parents, and perhaps unwittingly, supermarkets can become part of the problem.

In my view, there is no question here of altruism. It's a question of selfish interest in a business and the community it serves. Perhaps these problems are too great and too expensive for an individual company to tackle single-handed. But as Brad Butler says, there's nothing to prevent you from getting involved with a coalition to help change the culture of public education, or starting one. If every company assumed its proportionate share of the problem, in the manner of Wegmans of Rochester covered in this issue, considerable progress in changing that culture could be made.

It is quite conceivable, when business becomes involved with public school education, that students and the entire community realize that education is important enough to be taken seriously. Students will also get the message that there is a real connection between what they do in school and the real world.

Education is not simply a problem of the schools. In fact, it may be time to "de-school" the problem. We may be asking too much of schools and not enough of each of us. ■

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FRESH FISH & SEAFOOD

1990 DEPARTMENT OPERATIONS REVIEW

BY DAVID LITWAK AND
JANET TORRES CEPEDA

On the surface it would appear that Americans have embraced creatures of the deep as an essential part of their eating styles.

The media still proclaims fish as a boon to good health. Everywhere you look there's another seafood cookbook or recipe being thrust at you, or another sea creature showing up at the trendiest restaurant as the special of the day.

But if America has truly gone down to the water, then it is to go swimming and not fishing. When it comes to fish and seafood sales, there have been slight gains...but you should have seen the sales that got away!

Last year, sales of fresh and frozen fish and seafood reached a new plateau, topping the $4 billion mark. The $4.16 billion that fish departments brought in represented an increase in sales of 4.5 percent over the $3.98 billion of sales the previous year.

A good deal of this increase, however, is attributable to higher fish prices. At retail, according to the U.S. Bureau of Labor Statistics Consumer Price Index, prices for fresh and frozen fish across the country rose 4.0 percent last year. This means that the volume of fish sold last year actually increased only about 0.5 percent.

It is also significant that last year's 4.5 percent increase in sales is only half the gain experienced during the previous year, when sales grew by 9.0 percent over 1987's mark. If 1988 was looked upon as a disappointing year, based on expectations of stellar growth during the period, then 1989 is even more disappointing.

If the last two years are indicative of a trend, then the industry has a lot of work ahead of it to bolster sliding sales. It may be extremely difficult to return to the years of double-digit growth that fish departments saw in the mid-'80s.

Why the shortfall?

From 1980 to 1987, per capita consumption of fish and seafood increased dramatically from 12.8 pounds to 15.4 pounds. In 1988, consumption dropped slightly to about 15.0 pounds, then held steady at 15.1 pounds in 1989. Per capita consumption is expected to rise only slightly to 15.2 pounds by the end of 1990.

Why has seafood consumption stagnated? Experts appear to agree that eating a diet containing more fish is helpful from a health and nutrition standpoint, and Americans claim to want to eat more healthy foods. So what's the problem?

A combination of factors, most likely. Ingrained eating patterns, misconceptions, fears, lack of knowledge, and distribution problems may all have a hand in fish and seafood's lackluster performance.

It is clear that consumers are still casting a wary eye on fish and seafood products in a lot of cases. Many people are still unfamiliar with the majority of the products available. Others have tried to incorporate more fish into their diets, but have only experimented with a limited number of species.

Aside from not knowing what many of the varieties are and what to do with them,

Although fresh fish and seafood sales topped $4 billion for the first time last year, the department's growth continues to lag behind expectations. As a result, many retailers may be tempted to hold the line on future seafood expansions.

SEAFOOD SHOPPE
SHOPPE

CENSUS, SALES & MARGINS

The number of supermarkets with fresh fish/seafood departments reached the 14,000 mark in 1989. The increase of 360 units during that year was far fewer than the 1,200 new departments that opened during 1988. Fewer new sections, coupled with no real increase in per capita consumption of fish and seafood, held sales growth in the department to just 4.5percent, the lowest growth rate in a number of years.

Fish/seafood departments, on the average (in stores that have them), account for over $5,700 in sales per week per store, 2.83 percent of total store sales, and 4.48 percent of store profits. Nevertheless, 35 percent of retailers still consider their fish/seafood departments to be primarily traffic and image builders rather than profit centers.

Fish/Seafood Units

No. of supermarkets selling fresh fish/seafood	**14,000**
Percentage of all supermarkets	**45.6**
Number of fresh fish/seafood departments opened during last 12 months	**360**

Average Weekly Sales

Mean **$5,719** Median **$4,400**

Changes in Dollar Sales

(1989 vs. 1988)

Higher	**16%**
No change	**68**
Lower	**16**
Total	**100%**

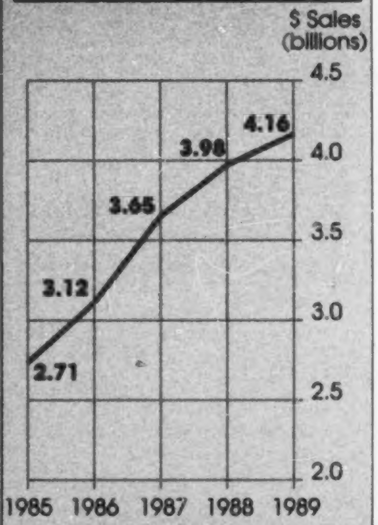
Sales and Margins

Share of Total Store Sales
Mean **2.83%** Median **3.1%**

Gross Margin
Mean **30.6%** Median **28.4%**

Contribution to Store Profit
Mean **4.48%** Median **3.12%**

Annual Sales



Do You Consider Your Fish/Seafood Departments:

Traffic & image builders	**35%**
Both image builders & profit centers	**65**
Total	**100%**

SPACE & LOCATION

The size of the average fish/seafood department has stabilized over the last two years. In 1989, the typical department grew just 14 sq. ft. to a total of 600 sq. ft. This number reflects a wide variation in the sizes of individual departments.

The department's average sales per sq. ft. dropped slightly last year, to $9.53 per week.

Size of Department

Full-service department
Mean **600 sq. ft.** Median **535 sq. ft.**

By Store Format

Conventional	**165 sq. ft.***
Superstore	**700 sq. ft.**

*Includes self-service fish/seafood departments

Sales Per Square Foot

Mean weekly sales per sq. ft	**$9.53**

Cost Allocations

Are department costs allocated back to department?

Yes	**53%**
No	**47**
Total	**100%**

Location of Department

Adjacent to meat dept.	**70%**
Separate from meat dept.	**30**
Total	**100%**

many consumers have real concerns over the safety of seafood. In part, such concerns are the result of bad publicity given to some seafood products in certain places across the country, which has caused a lack of confidence in the fish supply among many people.

Calls for uniform governmental inspection of fish and seafood have both helped and hindered this problem in recent years. If fish underwent the same inspections as meat, consumer confidence would certainly be bolstered in the long run. But in the short run, the call for inspection programs has caused many people, who otherwise might not have thought about the need for such programs, to become aware that uniform inspections do not currently exist.

Another persistent problem has been supply, both in terms of quantity and consistency. It has been hard for retailers in many areas of the country to get consistent supplies of many varieties of product. Fish farming of some varieties, such as salmon, will likely ease some of these problems in the years ahead.

Compared to fish, meat and poultry are very regular, consistent products. Customers have a mental image of what each grade of meat is supposed to represent, and can judge the individual package or piece by appearance. Also, consumers in this country are used to being able to walk into a supermarket and find all the same cuts of meats and poultry, usually with little variation. Out-of-stocks on meat are relatively infrequent, unless there is a special sale on an item.

In the case of fish, there are always new varieties lying in the cases, many of which are totally new to the consumers. There are also varieties that are not available at that time due to lack of supply.

To make matters worse, there are no grading standards by which the consumer can objectively judge the quality of the fish products. They must rely on sight with products that they are not familiar with, and on smell, which has limited accuracy.

The slowdown in sales growth is mirrored by a similar slowdown in the number of stores opening fresh fish/seafood departments last year. In 1989, 360 new departments opened, bringing the total number of fish/seafood departments in operation in supermarkets to 14,000.

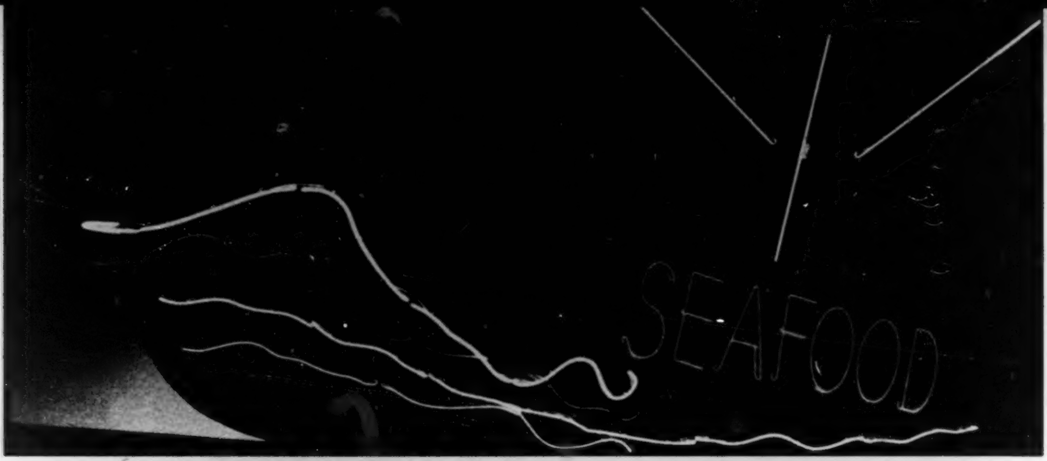
By comparison, in 1988, the year of the expected fish/seafood boom, 1,206 new departments sprang into being. The percentage of supermarkets that now offer these departments is up to 45.6.

With the small increase in overall sales, and a slight rise in the number of fish departments, the average weekly sales per seafood department also increased slightly. Currently, the average department brings in about $5,719 per week, which is an increase of just $75 per week from 1988's level of $5,644.

Inspections should eventually build consumer confidence, but the call for such programs has caused many people to become aware that uniform inspections do not currently exist.

Traffic building

Despite flat overall growth, fish/seafood departments are starting to make inroads into the mainstream of supermarket



LABOR & SERVICE

Training continues to be a high priority for operators trying to successfully manage a fish/seafood section. The vast majority of retailers now have a formalized seafood training program for department employees. Most of these programs are under the jurisdiction of the section's manager, although corporate trainers and supplier's reps are more involved in store employee training than ever before.

Better training, more use of full-time employees, and more precut product have all helped drop labor costs to 15.8 percent of sales. The average department now employs the equivalent of 2.5 full-time employees.

[illegible]

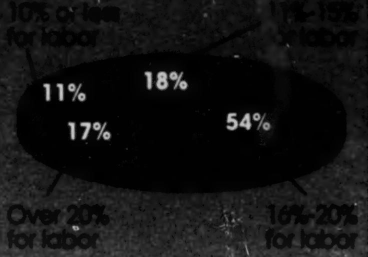
Full-time	[illegible]
Part-time	2.0
Full-time equivalent*	2.5

*Two part-timers are one full-time employee

[illegible] for Labor
(as a percentage of sales*)

Mean 15.8% Median 15.2%

100% of Departments*



*Includes both service & self-service depts.

[illegible]

Have formal fish/seafood training program	87%
No formal fish/seafood training program	13
Total	100%

Who Is Responsible for Training?
(Includes multiple answers)

Department manager	86%
Corporate trainer	65
Seafood supplier	16

80% of companies want more help from seafood companies in training employees.

How Is Your Fish/Seafood Department Managed?

Managed:	
As separate dept.	68%
As part of meat dept.	32
Total	100%

life, and can be very important to many individual operations. In some stores, the sections bring in higher sales, and steady profits, while helping to draw in customers.

Even the general operating results across the whole industry show signs of the gradually growing importance of the department. The fish/seafood section's percentage of total store sales grew to 2.83 percent last year from 1.95 percent in 1988. The range of share of sales reported by individual stores varies considerably.

Also varying considerably is the department's contribution to store profits. The industry average is up to 4.48 percent, which represents a healthy increase from 1988's 3.33 percent.

But while some stores report contribution to overall profits as high as 8.0 percent, many other stores report smaller than average, or even no contribution to store profits coming from the fish/seafood department. With average gross margins holding at the 30 percent mark, the department should be profitable in most instances.

That there is such a wide dispersion in the ability of individual fish/seafood departments to generate consistent profits for the store points to the difficulty that many retailers are having in trying to operate the departments. Even after several years in the business, some supermarket companies and independent owners are still picking their way through the labyrinth of how to stock, handle and merchandise these departments.

It is no wonder that the number of operators who consider their fish/seafood departments to be primarily traffic and image builders, rather than profit centers, is still high. Currently, 35 percent of the retailers polled indicated that the main thrust of their departments was to bring in the customers and enhance the store's image.

Despite the slow rate of sales growth, few retailers are willing to curtail the fish/seafood operations in their stores. The theory is that the store has more to lose by cutting back on its fish operations.

Manning the nets

One piece of good news is that the fish/seafood sections have a better grip on their labor costs than ever before. Despite the growing popularity of service seafood sections, and prepared or semi-prepared dishes, the departments are using less labor.

In 1989, the fish/seafood sections operated with the equivalent of 2.5 full-time employees, which was down from the 3.0 employees needed in 1988. The decrease seems to be in the number of part-time staffers, as departments are relying on the more knowledgeable full-time department employees.

These reductions have dropped labor costs. Currently, it takes just 15.8 percent of the department's sales to cover its labor costs. This is a savings of 1.9 percent over the previous year.

Training the fish/seafood department employee has always been a problem for supermarkets. The newness of many of the products to both employees and consumers, coupled with the skill needed to handle, prepare and maintain the products, require a comparatively large degree of employee training.

Maintaining more full-time fish department employees is one way that operators have alleviated the problem. The other is more formal training. Eighty-seven percent of the retailers have a formal fish/seafood training program for employees.

Even after several years in the business, some supermarkets are still struggling to learn how to stock, handle and merchandise these departments.

Generally, training is the responsibility of the department manager, but more and more corporate training personnel and seafood suppliers are getting into the act, offering both developmental skills and hands-on training assistance. To this end, 80 percent of the operators indicated that they would like more help in training from their seafood suppliers.

Since the size of the average fish/seafood department has increased slightly (now 600 sq. ft.) in the last year, while sales have been growing at a slower pace, the average sales per square of the department went down slightly last year. A square foot of fish department space brought in about $9.53 a week in 1989, which was down 3 cents from 1988.

Separating fish from meat

At one time, the fish section often consisted of some flounder at one end of a meat coffin.

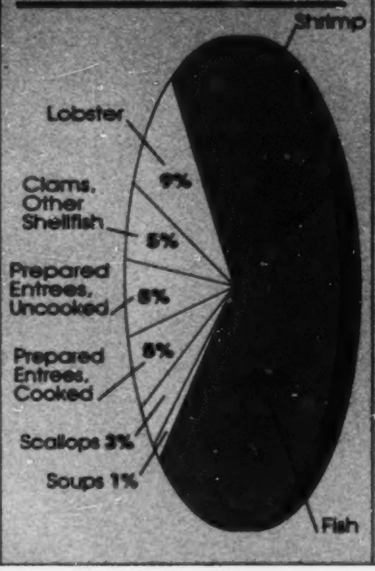
Seafood

PRODUCT MIX

About half the sales in fish/seafood departments come from seafood or shellfish varieties. This is indicative of a trend toward more consumer interest in higher-priced products. Not only have sales of shellfish increased, but there has been a large increase in the amount of sales of relatively expensive "steak" fish such as tuna, salmon, halibut and shark.

Prepared fish/seafood products are increasing in popularity. Sales of both fully prepared dishes and ready-to-cook products have grown to 5 percent of total department sales.

Portioning Out the Fish/Seafood Sales Dollar



How Do You Sell Lobsters?

(includes multiple answers)

Live	93%
Sell live & then cook in store	65
Frozen	40
Prepared before purchase	35
Refrigerated	15

Fresh vs. Frozen

Percentage of fish/seafood sold

Fresh	84%
Frozen	16
Total	100%

Fish/Seafood Items Most Often Added Last Year

- Prepared fish entrees
- Seafood salads
- "Steak" fish
- Raw Shrimp
- Herring

MERCHANDISING, CUSTOMERS & SUPPLY

Approximately 7 percent of all store customers also shop the fish/seafood department, spending an average of$5.66 per purchase.

More and more retailers are buying their product already cut and portioned. This has cut back labor costs, reduced the amount of training required, and freed department employees to service customers more. Currently, 88 percent of all fish/seafood sales are through service sections.

How Customers Spend

Percentage who shop fish/seafood department

Mean 7.0% Median 6.2%

How Much They Spend

(per transaction)

Mean $5.66 Median $5.97

Under $3.00	2%
$3.01-$4.00	23
$4.01-$5.00	27
$5.01-$6.00	31
Over $6.00	17
Total	100%

Service vs. Self-Service

(In service fish/seafood departments)

Percentage of sales through

Service	88%
Self-service	12
Total	100%

Supply

Percentage of fresh fish/seafood bought from:

Specialty fish/seafood wholesaler	98%
Other (incl. groc.wholesaler)	2
Total	100%

How fish/seafood comes into store:

Precut & portioned	90%
Whole	10
Total	100%

Times have changed. The renaissance of fish/seafood has brought the products out of those coffins and into cases of their own. Sixty-eight percent of the fish/seafood departments are no longer part of the meat departments and are operated separately. Still, about 70 percent of all fish/seafood departments are located adjacent to the meat sections, offering the consumers a handy alternative to meat main courses.

In terms of sales, the department's products are almost evenly divided between fish and seafood. Seafood items account for 50 percent of the section's revenues, with shrimp being the largest seller (28 percent of sales). Fish varieties account for 44 percent of sales.

Prepared entrees have grown in recent years in the department. Sales of both fully prepared and ready-to-cook items now account for 5 percent of departmental sales, up from 3 percent a year ago. The remaining 1 percent is in sales of soups.

Retailers report that "steak"-type fish, such as tuna, salmon, halibut, and shark, are the items that they added or increased the most last year. Raw shrimp and herring varieties were also hot items.

Catching the fish

Virtually all (98 percent) the fish/seafood sold in supermarkets comes through specialty fish/seafood distributors and wholesalers. In some cases, a store or operating company will make its own connections with distributors or fishermen for locally caught product if they are lucky enough to be located near a significant body of water.

Operators report that about 54 percent of their fish supplies come in as fresh, and the remaining 46 percent come in frozen. Yet interestingly, these same operators report that they sell approximately *60* percent of their product as "fresh." Hmm.

One continuing trend that has had a significant impact on the labor factor over the years is that more and more of the product comes into the store precut and portioned. Having a salmon come into the store already cut into steaks, or a flounder already filleted, not only saves labor time but also cuts down on the degree of training necessary for the employees. About 90 percent of all product now comes into the supermarket already cut and portioned.

Since employees need to spend less time preparing the product for the case, they are free to spend more time servicing the customers. This is indeed what is happening. In those stores that have service fish/seafood departments, 88 percent of the product is sold through service, up from the 84 percent service of 1988.

The operations of the fish/seafood departments have made many strides over the past few years—strides in providing more service, better and more consistent product, reducing costs and labor, and in merchandising the product.

But the ultimate success of the fish/seafood sections continues to hinge on customer acceptance. This will be a slow-fought battle, the outcome of which will not be clear for some time. ■

HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 7/13/90	4 WEEKS ENDING 8/10/90	4 WEEKS ENDING 9/7/90
BABY NEEDS	**– 3.2%**	**– 0.8%**	**– 2.4%**
Baby Powders	+ 7.5	– 2.0	– 3.7
Baby Oils, Creams & Lotions	– 15.5	– 1.5	– 6.7
Infant Clothes	– 8.7	– 15.7	– 14.3
Nursing Supplies	+ 6.0	+ 2.2	+ 3.6
MISC. PERSONAL NEEDS	**+ 10.6%**	**+ 6.5%**	**+ 5.6%**
Contraceptives	+ 7.8	+ 5.0	+ 2.0
Personal Lubricants	+ 13.7	+ 9.5	+ 7.5
Home Testing Kits	+ 16.2	+ 7.5	+ 10.2
Thermometers	+ 17.6	+ 10.2	+ 18.7
DEODORANTS	**+ 1.2%**	**– 3.4%**	**– 0.9%**
Sprays	– 13.2	– 12.2	– 11.2
Roll-Ons	– 2.1	– 7.6	– 10.2
Stick Deodorants & Pads	+ 8.7	+ 1.7	+ 10.9
Creams	– 3.5	– 5.1	– 9.5
Deodorants & Talcum Powders	– 7.9	– 17.1	– 20.1
Feminine Hygiene Deodorants	+ 24.1	+ 11.7	+ 8.8
Foot Deodorants & Athlete's Foot Remedies	+ 7.2	+ 2.7	+ 3.7
Feminine Douches	+ 4.2	+ 1.7	– 5.4
FIRST AID	**– 3.2%**	**– 8.4%**	**– 8.5%**
Antiseptics	– 2.5	– 5.3	+ 1.1
First Aid Products	– 4.1	– 10.1	– 12.2
Elastic Goods & Dressings	+ 68.7	+ 54.1	+ 38.4
HAIR CARE NEEDS	**+ 1.8%**	**– 4.3%**	**+ 3.6%**
Shampoos	+ 0.5	– 4.8	– 2.9
Hair Sprays	+ 0.5	– 6.0	– 8.6
Hair Conditioning Rinses	+ 4.7	– 3.9	+ 0.1
Hair Setting Needs	+ 12.5	+ 4.6	+ 2.0
Home Permanent Kits	– 13.4	– 13.0	– 15.1
Hair Coloring	– 2.5	– 4.7	+ 0.9
Hair Dressing Needs	– 1.9	– 5.9	– 8.8
ORAL HYGIENE	**– 0.1%**	**– 6.2%**	**– 1.7%**
Toothpastes & Powders	– 0.2	– 7.4	+ 1.0
Mouthwashes	– 2.5	– 7.9	– 6.6
Breath Fresheners	+ 1.1	+ 5.6	– 0.8
Denture Cleaners	– 8.7	– 4.8	– 7.3
Denture Adhesives	+ 0.4	+ 2.4	+ 2.6
Toothbrushes	+ 4.2	– 5.5	– 3.5
Dental Aids	+ 6.0	+ 8.8	– 5.9
PROPRIETARY REMEDIES	**– 0.9%**	**– 1.6%**	**– 3.1%**
Antacids	– 3.1	– 4.8	– 3.1
Internal Analgesics	– 5.7	– 2.7	– 6.1
External Analgesics	+ 14.6	+ 17.6	+ 12.5
Cold Remedies	+ 8.4	+ 3.6	– 1.3
Nasal Sprays/Drops/Inhalers	+ 4.5	+ 3.7	+ 0.1
Chest Rubs	– 2.9	– 3.5	– 7.1
Cough Remedies	+ 6.6	+ 1.9	+ 3.0
Laxatives	– 2.2	– 1.5	– 3.9
Sleeping Aids	+ 5.3	+ 7.6	+ 7.2
Tranquilizers	+ 12.9	+ 0.8	– 9.2
Eye Care Products	– 0.9	– 6.4	– 3.9
Appetite Suppressants	– 18.1	– 11.7	– 26.5
Synthetic Vitamins	+ 1.3	– 0.4	– 6.1
Natural Vitamins	+ 5.1	+ 8.2	+ 8.5
Misc. Proprietary Remedies	+ 1.3	– 0.5	– 4.8
SHAVING NEEDS	**– 1.5%**	**– 2.6%**	**– 3.1%**
Shaving Creams	+ 1.6	– 7.8	– 3.6
Pre-Shave Lotions	– 12.2	– 8.9	– 15.1
After-Shave Lotions	– 5.1	– 4.6	– 10.7
Razor Blades	– 2.6	+ 0.2	– 1.8
SKIN CARE AIDS	**+ 6.7%**	**– 1.9%**	**– 3.3%**
Hand & Body Creams & Lotions	+ 8.5	– 1.9	– 3.6
Facial Preparations	+ 0.2	– 6.2	– 1.2
Lip Care Products	+ 1.9	– 14.1	– 5.9
Suntan Lotions & Oils	+ 15.9	+ 14.3	+ 14.9
Cosmetic & Medicated Skin Aids	+ 1.4	+ 4.5	– 0.6
TOTAL ALL CATEGORIES	**+ 0.5%**	**– 3.7%**	**– 2.9%**

HBA IN FOOD STORES IN MILD RECESSION DURING JULY, AUGUST

Three months of sales gains give way to two-month decline, but drugstore trends improve.

BY ALAN B. MILLER JR.

Every year around this time, we report on health and beauty aids food store trends for two 28-day periods instead of one, since 13 annual SAMI reporting periods must be covered in 12 issues of SUPERMARKET BUSINESS. This trend analysis covers the four-week periods ending August 10 and September 7, 1990, or roughly the months of July and August.

Perhaps because of a lack of breakthrough or blockbuster HBA products to help swell demand, the unit trends in both periods were anemic. The loss rate of 2.9% in the September reporting period was slightly better than the decline of 3.7% for the month before, and the dollar gain rose from 0.4% to 1.0%; but in both periods, there were substantially more categories with declines than gains. The overall loss rates in July and August followed three consecutive periods that posted modest overall HBA sales gains.

The best performance in both months was found in the miscellaneous personal needs product group, which includes contraceptives, miscellaneous personal lubricants, home testing kits and clinical thermometers. Each of these product categories enjoyed unit volume growth in both periods.

The most significant product group loss rate in both periods was found among first aid items, where the only increase was an artificial one for elastic goods and dressings, the result of having added to the category certain products not tracked the previous year. The loss rate for the product group was 8.4% in July and 8.5% in August. The category with a double-digit loss rate was the diverse first aid products section, in which bandages and cotton swabs have the highest volume.

At the product category level of measurement, loss rates outpaced gains by a widespread margin. In the four-week period ending August 10, 24 categories had gains while 33 declined. In the succeeding period, the score was 21 gains to 36 losses.

The lackluster HBA trendwas also observed in the poundage of refrigerated foods and the unit movement of dry grocery non-food items, in which small loss rates were recorded in both reporting periods. Modest gains in poundage of both shelf-stable and frozen foods were achieved in both periods.

Drugstore sales improve

In drugstores nationally, there was a trend reversal between the four-week periods. In the July period, a unit loss of 5.3% was registered in all 57 categories combined, whereas a gain of 2.9% occurred the following month.

In the baby needs groupings, the only category exhibiting a positive trend is nursing supplies, where a July gain rate of 2.2% increased to 3.6% in August. Infant clothes suffered double-digit loss rates in both periods, while declining percentages for both baby powders and baby oils/creams/lotions accelerated from 2.0% and 1.5% to 3.7% and 6.7%, respectively.

In the personal deodorants group, the September 7 loss rate was less than 1%, an improvement over the -3.4% trend of the preceding period. This positive development was the result of greater sales vigor among stick deodorants/pads and foot deodorants/athlete's foot remedies. The poorest performance was the sharp loss rate for deodorant and talcum powders. In August, decline rates of more than 10% were found in both spray and roll-on categories.

Because of weakness in the two highest-volume categories of hair care needs—shampoo

SAMI UPDATE

Continued from page 52

and hair spray—the sales in the entire product group have been in the doldrums. In the most recent reporting period, the only positive trends were the modest unit volume increases for hair conditioning rinses (+0.1%), hair setting needs (+2.0%) and hair coloring (+0.9%). In the latter category, the growth stems from particular strength among men's hair coloring offerings. Men's hair dressings as a class, however, have been consistently pursuing a downward path.

Although negative trends persisted in the oral hygiene group of categories, the overall loss rate was reduced from -6.2% in July to -1.7% in August. The most important reason for this improvement was the 1.0% gain for toothpaste and powder in contrast with the previous period's showing of -7.4%.

In all 15 categories of proprietary remedies combined, the September 7 showing represented a worsening trend, moving from a -1.6% fall to a drop of 3.1%. The most favorable trend was the double-digit gain for external analgesics, contributed by the new products Eucalyptamint and Flex-All 454. Also showing growth in this category were Thompson Medical's Aspercreme, Bristol-Myers' Mineral Ice and Menthalatum Deep Heating. Losses in the high-volume internal analgesics category outweighed good gains for natural vitamins, minerals and supplements. Trends continued downward in the categories of eye care products and suppressants.

Finally, there are increasing loss rates for both the shaving needs and skin care aids product groups. Gillette's Sensor introduction has failed to expand the razor blades category, and the high gain rate for suntan lotion/suntan oil comes too late in the season to cause a unit gain in the group. ■

GM/HBA ISSUES

Continued from page 50

front in the store and stays there." He adds, "It's a whole new ball game, requiring skills and a retail presence, which manufacturers simply haven't focused on before. Marketers increasingly need help at retail in the form of an alert and capable field merchandising force that can help ensure maximum distribution and sales volume."

June's company and many of the other companies provide an extensive menu of services relating to product information, product placement and product promotion. Subscribers to the services can pick and choose from the different services available on a market-by-market or national basis and choose a specific time frame or have an ongoing program, whichever best fits their needs.

There are different methods of pricing the services provided by different companies. Some will define the project and price it. Some base pricing for services based on the length of each store visit. Other programs are priced at a cost-plus basis.

When it comes to the cost of retail service work, many manufacturers complain about paying for "store's work." In a sense, they have a good point as it would relate to the traditional roles of manufacturer, broker, wholesaler and retailer. But the marketing environment is changing, and today the customer is king. They know that they have the customer traffic and potential for substantial sales of all of the products that they carry. They are accustomed to receiving extensive in-store service in food departments. When it comes to GM and HBA products, supermarkets do not feel compelled to go to any great effort of their own to facilitate merchandising these products. History tells us that the first introductions of HBA and GM in supermarkets were through full-service programs provided by rack jobbers. We may be coming around to the same game plan today but with different players involved.

In the final analysis, each manufacturer will need to determine the extent of service it will need and which method or combination of methods will provide the most effective distribution at the lowest cost. Of course, this cost does not have to be assumed by the manufacturer. But eliminating the service and the cost may also eliminate the sale. ■

VIDEO II: THE REBIRTH

Continued from page 48

Fitzgerald noted with home movies, that imaging products have to be both visible and accessible. McCarthy adds that a variety of products and price points have to be available as well because, as consumer's become more sophisticated in their use of video products, their needs will become more specific, just as they have in film.

And supermarkets should pursue their own initiatives, capitalizing on their particular strengths. They might, for instance, include video tapes in promotional displays linked to television events such as the World Series, Super Bowl, or the next four -night miniseries.

Obviously, the home video and imaging business is becoming increasingly competitive, and, as various manufacturers fight for consumer attention, they will focus products on specific groups and occasions, sometimes with unexpected results.

For example, 3M (St. Paul, Minn.) has released a blank video tape labeled *All My Soaps*, specifically aimed at young women and teenagers. 3M believes that it can narrowly target products such as video tapes—thus far largely marketed as commodities—to specific audiences, in many cases boosting usage among groups who have been infrequent purchasers.

"The *All My Soaps* product is clearly geared to female audiences," says Mike Chew, marketing development manager for 3M's Scotch video cassettes. "We intend to continue taking advantage of niche product opportunities. When an opportunity exists in a usage, demographic or distribution niche, we intend to fill it. *All My Soaps* meets a usage niche among a group that has not been among strong video purchasers. This product is easily identified."

So, video and related products are rapidly maturing. And because VCRs enjoy 70 percent penetration in American households, the mass market will get a larger proportion of the video business, as has 35mm film over the last 10 years and and as floppy disks will as home ownership of computers grows. The question is, which channel of distribution will dominate. Many among suppliers and food retailers believe supermarkets have a fair shot. ■

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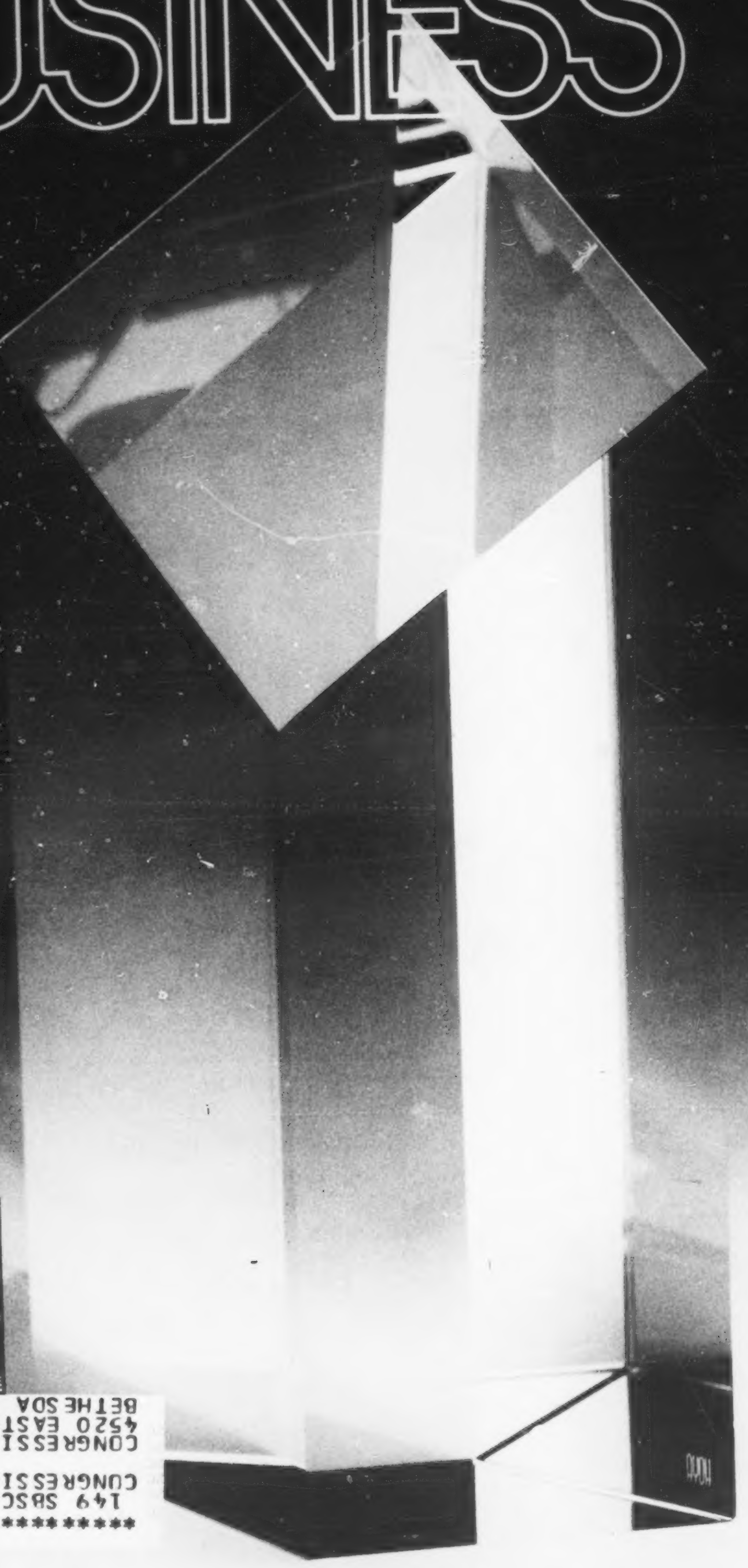

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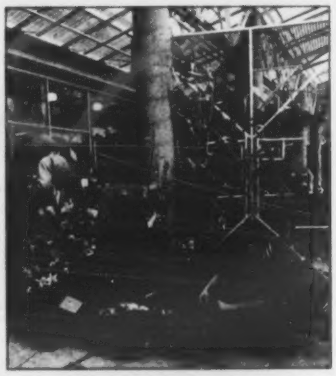
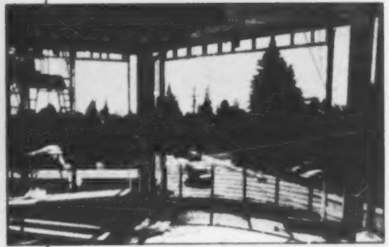
Page 23



Page 30



Page 51

FEATURES

THE 1990 SUPERMARKET BUSINESS AWARD FOR RETAILING EXCELLENCE, PART ONE: RANDALL'S MARKETS NAMED FOR BEST CHAIN OPERATION 23
DAVID LITWAK

Previously with its pace-setting Flagship stores, and now with its New Generation stores, the Houston-based 42-store chain continues to set new standards of excellence each year.

THE 1990 SUPERMARKET BUSINESS AWARD FOR RETAILING EXCELLENCE, PART TWO: LARRY'S MARKETS SURPASSES OWN STANDARD OF EXCELLENCE 30
KEN PARTCH

From your very first step into Larry's new Bellevue supermarket, you know that you are in a *food* store. More than that, this is a food store that might even offer a new experience.

FRED MEYER: NEW STANDARD FOR ONE-STOP SHOPPING? MIKE DUFF 43

The Portland, Oregon-based company has restructured operations as it tries to prove it can be everything to everybody everywhere.

CONDIMENTS: ARE HEALTHY TIMES AHEAD? RUTH PAPAZIAN 73

As new labeling requirements take effect, consumers may soon be considering more than just taste when they choose their seasonings.

INSTORE BUSINESS

AT DRAEGER'S, IT'S ALL IN THE FAMILY HOWARD RIELL 51

As this family-owned, family-run company expands one of its stores to more than double its size, the company continues to emphasize upscale foods and foodservice, and to treat customers like part of the family.

PREPARING FOOD ELAINE READER 59

NONFOODS BUSINESS

RAZOR COMPETITION SHARP... AND SUPERMARKETS BENEFIT MIKE DUFF 65

Innovative, aggressive promotions, the hallmarks of shaving companies's sales, are keeping the division dynamic and consumers captivated.

SAMI UPDATE ALAN B. MILLER JR. 69

GM/HBA ISSUES FRANCIS E. WILLMES 71

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 5
WASHINGTON BRIEFS . . . 9
TRADESCAN 11
SUPPLIER SIDE 14
PRODUCE 16
TECHNOLOGY 19
NEW PRODUCTS 68
ADVERTISER'S INDEX . . . 79
DECEMBER CONTEST . . . 81
CHECKOUT 82

Cover Photos:
David DiMicco (award);
Michael Ziegler (Larry's);
Sam C. Pierson Jr. (Randall's)

EDITOR'S VIEW

HOW TO START A RECESSION

By Ken Partch, Editor-in-Chief

It isn't easy to get a recession started. A lot of energy is required, planning and coordination. There are always parts of the economy that refuse to go along with the economists and the analysts. Take the recession of 1980. It took two or three years to get that one really underway. But when we did, of course it was a beauty. But even then, while almost nobody was looking, New England, and the entire Northeast, was getting ready for one of its biggest booms ever. New England, for Heaven's sake!

Ever since Horatio Alger began writing books, New England was where you got on the train for the Big City. The only people who went to New England were vacationers and college students, if you were rich. But all that was before the computer age. Since the computer age, geography has become less and less meaningful in economic terms. Little did we know that a boom in mini-computers and their innards would erupt in Texas, Northern California and Massachusetts. It was just where the brains happened to be. And nobody even asked IBM for permission.

Of course with the help of the auto industry, and its forward-looking policies, along with other heavy, U.S. industries, we managed to leave a lot of rust in between. But, curiously, the supermarket business began to come awake at the same time. Perhaps because of low rents and plenty of available real estate from the discounters, supermarkets began breaking out of their assigned niches and geographic locales, and striking out into others' markets. In the '60s and '70s that was practically unheard of. Superhighways made it possible to truck anything almost anywhere.

So it's a little early to say where this next recession will take us, when and if we can really get it started. They began talking about it seriously just about this time last year. The auto industry is still doing its part, along with a truly magnificent push from the oil industry. Just as U.S. auto makers began a return to the husky animals under the hood that burn gas like opening a faucet, the oil industry began sending out signals that fuel economy might look good again. There's just no telling. And what have they got against the airlines? Would somebody explain to me why there should be a shortage of jet fuel (kerosene), and no shortage of gasoline, which requires much more refining?

We did have rampaging inflation in the late '70s, so there was a need for a recession to really slow things down, but for a while there we were really making all economic schools happy with both inflation and recession—stagflation. Remember that?

It took several years to get the 1980 recession going, but it was a beauty.

Let's see what we have going for us this time. There's a shutdown on new housing starts, the lowest since 1982, I'm told. Of course when there's a danger that you might lose your job or have lost it, you don't usually go out and buy a new house, or even think about it. The Christmas season is promising to be lousy, that should slow down retailing. We don't have to worry about the department stores, they've already done their bit. Nowadays, the Japanese have forced all the auto makers to make cars that last longer, so we can delay that new car purchase. We don't know what the effect of a possible war will mean, except in oil and all other energy. For a while there, the threat of world peace had everyone worried. Even the media and advertising communities were wondering how they would replace those lost ads for the F-14s and such. But President Bush seems to have taken care of that, at least for the moment.

But back to the supermarket business. Now that we have just about gotten through the Great Buyout Era and into the era of Great Corporate Efficiency, and everybody is Lean and Mean, we can get out and take this supermarket business into the Whimpy '90s—or whatever we're going to call them. Let's see what we've got going for us.

I predict ... that Sam Walton and Drayton McLane will buy McDonald's and build the *hydramarket*. That's a store with many heads, for groceries, fast food, general merchandise, pharmacy, take out foods, ethnic foods, restaurants, pets, pet care, auto sales, rentals and repairs, travel, banking, eye and dental care, boats and parts for small aircraft (DIY of course).

One of the things this recession has going for it is, with falling revenues governments at all levels are raising taxes and cutting services. Makes sense, right? We may lose a few bridges along the way, but that's how you make an omelet.

Now that we've got the consumer in the right mood, and governments facing up to their responsibilities, we need one more ingredient. We need a damn cold winter. There is no way to get a recession decently started with a mild winter. The fashion industry is no help whatsoever these days, as an economic indicator. They allow women to dress any way they want to—short skirts, long skirts or in the middle, it makes no difference to *Vogue*, anymore. So that's no help.

I know people who have been predicting this recession for the last five years. Well, in one of the longest periods of boom in modern history, how smart do you have to be to predict a coming recession? Then if we all really do our parts, we can relax and enjoy it. Most of us really can't stand prosperity, anyway.

The really important question is: Where and when will the next boom start, and how can we get ready for it?

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HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 8/10/90	4 WEEKS ENDING 9/7/90	4 WEEKS ENDING 10/5/90
BABY NEEDS	- 0.8%	- 2.4%	- 6.1%
Baby Powders	- 2.0	- 3.7	- 12.6
Baby Oils, Creams & Lotions	- 1.5	- 6.7	- 9.4
Infant Clothes	- 15.7	- 14.3	- 12.0
Nursing Supplies	+ 2.2	+ 3.6	+ 2.9
MISC. PERSONAL NEEDS	+ 6.5%	+ 5.6%	+ 7.8%
Contraceptives	+ 5.0	+ 2.0	+ 4.9
Personal Lubricants	+ 9.5	+ 7.5	+ 2.8
Home Testing Kits	+ 7.5	+ 10.2	+ 22.0
Thermometers	+ 10.2	+ 18.7	+ 9.4
DEODORANTS	- 3.4%	- 0.9%	+ 2.2%
Sprays	- 12.2	- 11.2	- 8.7
Roll-Ons	- 7.6	- 10.2	- 3.1
Stick Deodorants & Pads	+ 1.7	+ 10.9	+ 12.1
Creams	- 5.1	- 9.5	- 7.7
Deodorants & Talcum Powders	- 17.1	- 20.1	- 13.6
Feminine Hygiene Deodorants	+ 11.7	+ 8.8	- 5.5
Foot Deodorants & Athlete's Foot Remedies	+ 2.7	+ 3.7	+ 7.5
Feminine Douches	+ 1.7	- 5.4	- 0.9
FIRST AID	- 6.4%	- 6.5%	1.8%
Antiseptics	- 5.3	+ 1.1	+ 2.0
First Aid Products	- 10.1	- 12.2	- 3.6
Elastic Goods & Dressings	+ 54.1	+ 38.4	+ 33.5
HAIR CARE NEEDS	- 4.3%	+ 3.6%	- 2.8%
Shampoos	- 4.8	- 2.9	- 1.4
Hair Sprays	- 6.0	- 8.6	- 8.4
Hair Conditioning Rinses	- 3.9	+ 0.1	- 0.4
Hair Setting Needs	+ 4.6	+ 2.0	+ 4.6
Home Permanent Kits	- 13.0	- 15.1	- 12.8
Hair Coloring	- 4.7	+ 0.9	+ 4.0
Hair Dressing Needs	- 5.9	- 8.8	- 3.9
ORAL HYGIENE	- 6.2%	- 1.7%	- 3.4%
Toothpastes & Powders	- 7.4	+ 1.0	- 3.4
Mouthwashes	- 7.9	- 6.6	- 9.2
Breath Fresheners	+ 5.6	- 0.8	- 4.9
Denture Cleaners	- 4.8	- 7.3	- 7.0
Denture Adhesives	+ 2.4	+ 2.6	- 3.5
Toothbrushes	- 5.5	- 3.5	+ 2.2
Dental Aids	+ 8.8	- 5.9	+ 12.3
PROPRIETARY REMEDIES	[illegible]	- 5.1%	[illegible]
Antacids	- 4.8	- 3.1	- 3.5
Internal Analgesics	- 2.7	- 6.1	- 7.2
External Analgesics	+ 17.6	+ 12.5	+ 10.7
Cold Remedies	+ 3.6	- 1.3	- 7.0
Nasal Sprays/Drops/Inhalers	+ 3.7	+ 0.1	- 8.5
Chest Rubs	- 3.5	- 7.1	- 10.8
Cough Remedies	+ 1.9	+ 3.0	- 4.8
Laxatives	- 1.5	- 3.9	- 2.7
Sleeping Aids	+ 7.6	+ 7.2	+ 6.9
Tranquilizers	+ 0.8	- 9.2	- 13.0
Eye Care Products	- 6.4	- 3.9	- 5.0
Appetite Suppressants	- 11.7	- 26.5	- 18.4
Synthetic Vitamins	- 0.4	- 6.1	- 12.1
Natural Vitamins	+ 8.2	+ 8.5	- 0.4
Misc. Proprietary Remedies	- 0.5	- 4.8	- 2.3
SHAVING NEEDS	[illegible]	- 3.1%	[illegible]
Shaving Creams	- 7.8	- 3.6	- 1.3
Pre-Shave Lotions	- 8.9	- 15.1	- 11.9
After-Shave Lotions	- 4.6	- 10.7	- 5.8
Razor Blades	+ 0.2	- 1.8	+ 0.3
SKIN CARE AIDS	[illegible]	- 2.2%	[illegible]
Hand & Body Creams & Lotions	- 1.9	- 3.6	- 5.4
Facial Preparations	- 6.2	- 1.2	- 1.8
Lip Care Products	- 14.1	- 5.9	- 4.4
Suntan Lotions & Oils	+ 14.3	+ 14.9	+ 31.8
Cosmetic & Medicated Skin Aids	+ 4.5	- 0.6	- 1.8
TOTAL ALL CATEGORIES	[illegible]	- 2.9%	[illegible]

HBA CATEGORIES IN RECESSION DURING SEPTEMBER, OCTOBER

Lack of strong new product entries cited as a major cause of sales softness.

BY ALAN B. MILLER JR.

This has not been a banner year for health and beauty aids in either food stores or drugstores. The four-week period ending October 5 was typical of 1990, as unit volume declines of 3.2% in food stores and 0.9% in drug outlets were registered, as compared with volume during the same period a year ago.

Dollar sales in food stores rose just 0.3%. Still, this small gain was better than the trend in dry grocery non-food categories, where sales movement was virtually even with the corresponding year-ago period. On a tonnage basis—pounds in the case of food items, and units for both HBA and dry grocery non-food departments—the only gain was a scant 1.2% for frozen foods, where new product activity has helped to focus attention on these items. Shelf-stable foods recorded a poundage loss of 0.6%, while refrigerated foods declined a slight 0.1%. The unit volume decline for dry grocery non-food products amounted to 0.9%.

Only two of nine groups gain

The HBA losses were spread among a wide range of product categories. Only two out of nine product groups recorded four-week increases in unit movement: miscellaneous personal needs (+7.8%) and personal deodorants (+2.2%). At the category level of measurement, the gain to loss ratio was a lopsided 17 to 40. The best category gain rates were found among suntan lotion/suntan oil products (+31.8%) and home testing kits (+22.0%). Most of the double-digit loss rates occurred in relatively low-volume categories such as appetite suppressants, chest rubs or tranquilizers. But weakness in some larger categories, including internal analgesics, hair spray and cold remedies, caused an important reduction in sales in the entire department.

In the baby needs product group, only one of the four product categories, nursing supplies, has managed to perform on the plus side of the ledger. This category has a 52-week gain rate of 3.2%, and an increase of 2.9% on both a 12- and four-week basis. The sharpest rate of decline is currently for baby powders, where a four-week loss of 12.6% compares with an annual loss of 4.2%. The 52-week unit losses for baby oils, cream and lotions and infant clothes amounted to 7.0% and 7.6%, respectively.

As has been the case throughout the year, the best growth performance is still found in miscellaneous personal needs product group. All four of the group's categories have annual gain rates in excess of 10%.

Only two out of eight categories of personal deodorants/antiperspirants enjoyed increased sales in the four-week span, but the gain of 12.1% for stick deodorants and pads, and an increase of 7.5% in unit movement for foot deodorants and athlete's foot remedies were sufficient to create a plus of 2.2% for the entire product group. In both categories, new products contributed to the increases. Among stick deodorants, Helene Curtis's Degree and Revlon's No Sweat accounted for 6.2% of the category's 12-week dollar volume. In addition, volume of Faberge Power Stick is double that of the corresponding year-ago period. Among foot deodorants and athlete's foot remedies, Schering/Plough's new Lotrimin has become a leading brand contender. On both annual and four-week bases, the weakest category in the product group is deodorant and talcum powder. The four-week loss among spray deodorants translates to nearly half a million units.

Two of the three first aid

SAMI UPDATE

Continued from page 69

categories registered plus trends. As noted previously, the high gain rate for elastic goods and dressings is largely the result of tracking items that were not measured last year in the category. In the first aid products category, three new lines helped to inflate category sales. Johnson and Johnson went national with Sesame Street Bandages, as did Blistex Inc. with Dyprotex Diaper Rash Pads. Ducair Bioessence introduced Ninja Turtles bandages in 37 out of 64 SAMI markets.

There was only one hair care needs category exhibiting growth on both a four-week and 12-week basis. Among hair setting needs, the increase can be traced, in particular, to strong performance for L'Oreal Studio, Suave, Salon Selectives, Finesse, L.A. Looks and Aussie. A 12-week decline for home permanent kits is due, to a large extent, to the failure of Toni Epic Wave to stand the test of time. There were two oral hygiene categories with four-week unit volume gains. Toothbrushes advanced 2.2% and dental aids gained 12.3%. The 3.4% loss for toothpaste and powder and 9.2% for mouthwash reflect unit losses approaching one million in both instances.

Loss of 5 million units

In the proprietary remedy product group, among the 15 categories combined, the four-week loss amounted to more than 5 million units. A drop of more than a million was found in both the internal analgesics and cold remedies categories. All of the categories relating to coughs and colds had loss rates, and the only two categories with plus volume were sleeping aids and external analgesics. The major new product that provided added sales was Eucalyptamint analgesics. There were no important new product launchings in the other proprietary remedy categories.

The only shaving needs category with a four-week gain was razor blades, where the strong performances of Gillette Sensor, Daisy Ladies Plus, Schick Slim Twin and several of the Bic offerings were responsible for the 0.3% four-week gain. The 11.9% loss for pre-shave lotions is due to the strong year-ago level caused by the national launching of Mennen's Afta. Old Spice had a favorable trend in the after-shave lotions category, but the added volume was not enough to offset losses among some of the other million-dollar-a-year brands. Edge after-shave was also a growth brand. ■

RAZOR COMPETITION

Continued from page 66

merchandising for the Progressive Distributors division of Hannaford Brothers Co. (Scarborough, Me.). "What the introductions do is spread volume throughout the category. So you're constantly looking at what to delete or add because of what has the advertising and promotions behind it. We do well like that."

Yet, after the recent frenzy of introductions, even shaving companies admit that they will probably concentrate on sales of existing products for some time to come. While Wilkinson and Schick will work to win market share from Gillette, the category leader will be busily building on its grooming business strategy. But will the next stage in the development of the shaving business be based on innovation or the exploration of new types of products? On that, nonfoods experts have mixed feelings.

"I guess men are more vain than before," says Kilgallon. "So they're creating a little grooming niche out there. It's not going to be an explosion, but I think some companies are helping create a little one."

While that may be fly on the East Coast, Crawford says it won't get off the ground in Texas. "I've seen manufacturers try to categorize men's personal care products into a grooming category over the years. They've come out with hand lotions for men, hair color for men, shampoo for thinning hair. The only products that are important seem to be what I call men's personal care products: after-shave lotion, shave cream, blades and razors. But I don't see the man as ever being the big personal care shopper. I guess it depends on what part of the country you're in. I don't think Texas is ready for that." ■

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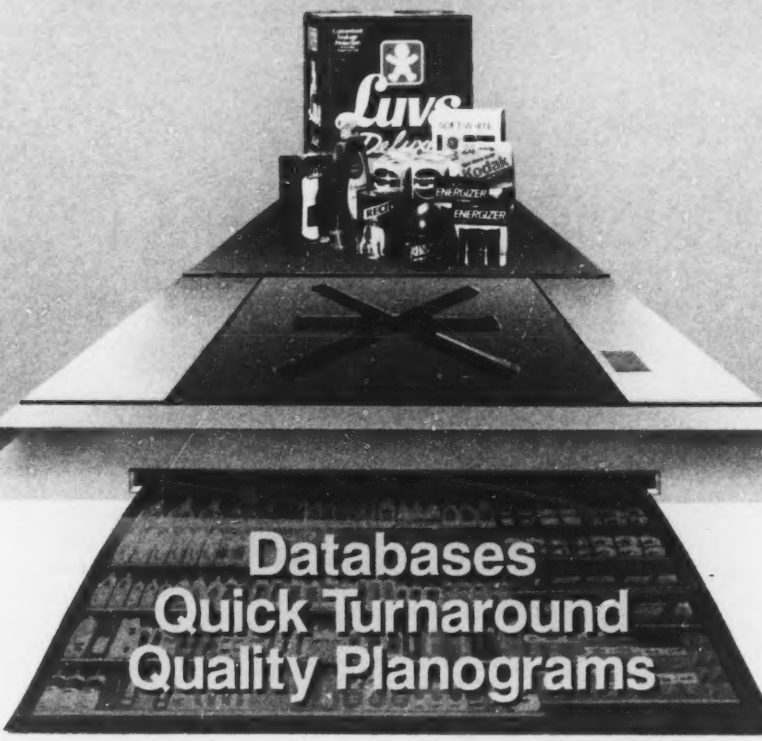

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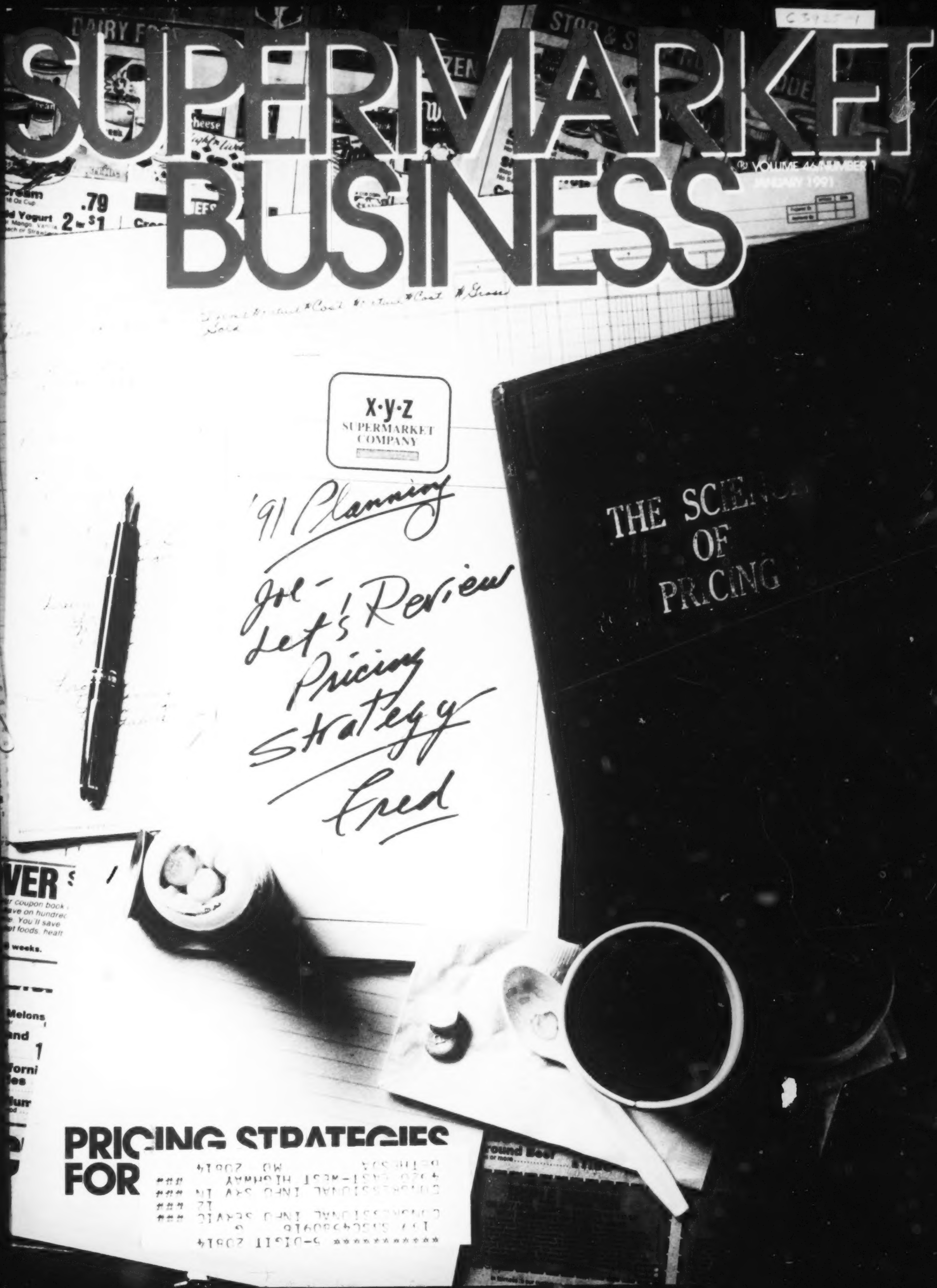
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PRICING STRATEGIES FOR

SUPERMARKET BUSINESS

JANUARY
1991

VOLUME 46
NUMBER 1

FEATURES

Page 37

PRICING FOR THE '90s JACK COHEN 27

The experts tell us that we are heading for "interesting" times in the '90s—perhaps bad, perhaps good. Whatever, happens, it's time to take a hard look at pricing strategies, and to review the options.

SUPERSTORES: NOT THE ONLY 'SUPER' STORES MIKE DUFF 37

After a long rise, the average size of supermarkets may have peaked, at least temporarily. But some companies say they don't need more square feet to build solid sales.

INSTORE BUSINESS

Page 55

FAST START FOR AMBITIOUS NEW BAKERY DAVID LITWAK 45

Aimed at a kind of customer not previously targeted by the company, the large-scale, all-scratch bakery department of Randall's newest store hit the ground running, and hasn't slowed down since.

SHORT ON SPACE, YET A SPOTLIGHT ON SERVICE MIKE DUFF 55

By keeping core service departments strong, this smaller versions of Vons's giant Pavilion stores scores with upscale shoppers.

PREPARING FOOD ELAINE READER 62

NONFOODS BUSINESS

Page 69

GAINING SPACE BY CUSTOMIZING TO NEIGHBORHOOD NEEDS MIKE DUFF 69

By adapting its nonfoods operations to to the demands of local environments, Stater Bros. manages to keep a wide selection of general merchandise in a store of only moderate size. The company's goal is to give customers all of what they need and some of what they want.

SAMI UPDATE ALAN B. MILLER JR. 75

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 5
WASHINGTON BRIEFS ... 7
TRADESCAN 9
SUPPLIER SIDE 15
GREEN MARKETING 16
TECHNOLOGY 21
PRODUCE 25
ADVERTISER'S INDEX ... 77
JANUARY CONTEST 80
CHECKOUT 82

Cover Photo: David DiMicco

EDITOR'S VIEW

IT'S 1991, AND I STILL CAN'T WRITE ABOUT THE '90S

By Ken Partch, Editor-in-Chief

Ask me about the '80s; I have finally got the '80s pretty straight. I know, now, that if I had understood the '80s, then, as I do now, I would be a relatively rich man today. I could have sold my house for example, back in 1986, when it had reached peak value (on paper), and gone to live in a motel or a trailer, or with my relatives for several years. Then, I could have bought my house back at some reasonable number and pocketed the difference, or bought oil futures. The question is: Why didn't I do that?

Of course if I had sold my house in 1986, I'd probably be still holding onto the money (if I hadn't spent it) waiting for the market to bottom out. That's when you are supposed to buy, I understand. I don't know how you know when the market has bottomed out, but with the way they talk about it on the news I always assumed that some smart guys somewhere knew, and I would just go and ask them. I am sure that I could call up Donald Trump, the SEC or the *Wall Street Journal* and ask one of them. Somebody must know. Even if they tried to be sly about it, I could probably figure out that they were being sly.

Meanwhile, we've still got these '90s to think about. The real estate glut is beginning to show up again. We're somewhat overbuilt, I hear, in the shopping center area. That should help the supermarket business, at least in building and renting new stores. It won't help those who are in the shopping center business, though. The supermarkets who want to go back into the warehouse store business should soon find enough cheap real estate to do that, the way they did in the late '70s and early '80s.

The home center business seems to be in desperate straits in its efforts to outdo the department store business in its demonstrations on How to Really Fail at Retailing Without Half Trying. It doesn't seem possible to do so many things wrong without an overall Going Out of Business Plan.

It's like those camera stores and luggage stores along Fifth Avenue in New York that have those continuous "GOING OUT OF BUSINESS" signs across their store fronts. I always assumed that somewhere in lower Manhattan there was the headquarters of a chain of stores called, "GOING OUT OF BUSINESS STORES."

But getting back to the home center business, there must be some underlying reason for so much blatant incompetence in one area of retailing. There must be courses given at some of the business schools. I'll bet that one of the first instructions given in these courses is in how to find teenagers who can shout into an intercom while not uttering one single word that can be understood. Of course the second instruction must be in price mismarking and price not-marking to give the intercom people something to shout about. The courses in rudeness to customers are all oversubscribed of necessity.

I don't know how you know when the market has bottomed out, but I guess I could call up Donald Trump. He should know.

If I had the stomach for it, I would disguise myself in some way so that I could be present during employee candidate interviews. It can't be that the present hiring practices at home centers are accidental. I know, now, what keeps all the existing hardware stores, paint supply stores and even electrical fixture stores in business even when a home center opens across the street. It simply requires that many specialists to stay in business to supply what the home center can't.

There is one remarkable exception to these generalizations, and I sincerely hope that it is not a temporary or accidental condition. It is called Home Depot. In an industry such as this, the Home Depot is to the home center business and DIY business what a Parisian hypermarket is to a New York bodega.

They are, of course, enormous, in order to be able to stock the variety and depth of inventory. The prices are the lowest in any category I have tried. The people are polite and helpful. They are even apologetic when they can't help. They actually seem to like their jobs. Everything is scanned at the checkout or price-marked by department help. It is the Nordstrom's of home centers.

Will it last? Will it destroy its relationships with its employees and with its suppliers as many in the supermarket industry have? Will it begin to take its customer base for granted, and assume that people must shop at Home Depot, and that whatever they do for them is probably too much?

It's too early to say. And I haven't seen an annual report or a balance sheet. I don't know if the investment in this operation is real or illusory. It is a shame to say that in the U.S., these days, one almost looks for the signs of destructive profit-taking, and cynical looting of shareholders' interests, to say nothing of customers' interests and employees' interests.

I hope that Home Depot is a sign of the '90s, because there is much that any retailing operation could learn from the way they are presently operating. I have to be cautious, because the '80s have taught me not to believe in fairy tales. But there is always hope. ■

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HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 9/7/90	4 WEEKS ENDING 10/5/90	4 WEEKS ENDING 11/2/90
BABY NEEDS	[illegible]	[illegible]	[illegible]
Baby Powders	- 3.7	- 12.6	- 9.8
Baby Oils, Creams & Lotions	- 6.7	- 9.4	- 9.1
Infant Clothes	- 14.3	- 12.0	- 15.7
Nursing Supplies	+ 3.6	+ 2.9	- 2.4
MISC. PERSONAL NEEDS	[illegible]	[illegible]	+ 7.6%
Contraceptives	+ 2.0	+ 4.9	+ 8.0
Personal Lubricants	+ 7.5	+ 2.8	+ 4.3
Home Testing Kits	+ 10.2	+ 22.0	+ 21.2
Thermometers	+ 18.7	+ 9.4	- 2.8
DEODORANTS	[illegible]	+ 2.2%	[illegible]
Sprays	- 11.2	- 8.7	- 12.8
Roll-Ons	- 10.2	- 3.1	- 12.3
Stick Deodorants & Pads	+ 10.9	+ 12.1	- 0.5
Creams	- 9.5	- 7.7	- 11.6
Deodorants & Talcum Powders	- 20.1	- 13.6	- 16.4
Feminine Hygiene Deodorants	+ 8.8	- 5.5	- 9.6
Foot Deodorants & Athlete's Foot Remedies	+ 3.7	+ 7.5	+ 4.2
Feminine Douches	- 5.4	- 0.9	- 2.4
FIRST AID	[illegible]	1.5%	[illegible]
Antiseptics	+ 1.1	+ 2.0	+ 3.3
First Aid Products	- 12.2	- 3.6	- 4.4
Elastic Goods & Dressings	+ 38.4	+ 33.5	+ 40.4
HAIR CARE NEEDS	[illegible]	+ 2.5%	[illegible]
Shampoos	- 2.9	- 1.4	- 6.2
Hair Sprays	- 8.6	- 8.4	- 5.8
Hair Conditioning Rinses	+ 0.1	- 0.4	- 2.9
Hair Setting Needs	+ 2.0	+ 4.6	+ 1.8
Home Permanent Kits	- 15.1	- 12.8	- 14.6
Hair Coloring	+ 0.9	+ 4.0	- 4.4
Hair Dressing Needs	- 8.8	- 3.9	- 6.6
ORAL HYGIENE	[illegible]	- 3.4%	[illegible]
Toothpastes & Powders	+ 1.0	- 3.4	- 3.0
Mouthwashes	- 6.6	- 9.2	- 4.7
Breath Fresheners	- 0.8	- 4.9	- 0.8
Denture Cleaners	- 7.3	- 7.0	+ 2.6
Denture Adhesives	+ 2.6	- 3.5	- 6.7
Toothbrushes	- 3.5	+ 2.2	- 2.2
Dental Aids	- 5.9	+ 12.3	+ 6.1
PROPRIETARY REMEDIES	[illegible]	- 6.6%	[illegible]
Antacids	- 3.1	- 3.5	- 2.5
Internal Analgesics	- 6.1	- 7.2	- 5.2
External Analgesics	+ 12.5	+ 10.7	+ 10.1
Cold Remedies	- 1.3	- 7.0	- 2.5
Nasal Sprays/Drops/Inhalers	+ 0.1	- 8.5	- 4.0
Chest Rubs	- 7.1	- 10.8	+ 0.1
Cough Remedies	+ 3.0	- 4.8	- 4.8
Laxatives	- 3.9	- 2.7	- 3.7
Sleeping Aids	+ 7.2	+ 6.9	+ 6.1
Tranquilizers	- 9.2	- 13.0	- 15.4
Eye Care Products	- 3.9	- 5.0	- 5.6
Appetite Suppressants	- 26.5	- 18.4	- 13.7
Synthetic Vitamins	- 6.1	- 12.1	- 12.3
Natural Vitamins	+ 8.5	- 0.4	+ 1.1
Misc. Proprietary Remedies	- 4.8	- 2.3	+ 1.2
SHAVING NEEDS	[illegible]	+ 0.8%	[illegible]
Shaving Creams	- 3.6	- 1.3	- 0.8
Pre-Shave Lotions	- 15.1	- 11.9	- 7.1
After-Shave Lotions	- 10.7	- 5.8	- 10.8
Razor Blades	- 1.8	+ 0.3	- 2.6
SKIN CARE AIDS	[illegible]	- 3.4%	[illegible]
Hand & Body Creams & Lotions	- 3.6	- 5.4	- 9.2
Facial Preparations	- 1.2	- 1.8	+ 3.8
Lip Care Products	- 5.9	- 4.4	+ 7.6
Suntan Lotions & Oils	+ 14.9	+ 31.8	+ 84.2
Cosmetic & Medicated Skin Aids	- 0.6	- 1.8	- 1.4
TOTAL ALL CATEGORIES	[illegible]	- 3.2%	[illegible]

HBA SALES DOLDRUMS PERSIST IN OCTOBER REPORTING PERIOD

Declines may be attributed to a lack of high-volume new products and a period of relative good health for consumers.

BY ALAN B. MILLER JR.

Once again the curtain has fallen on a 28-day sales period in which a majority of health and beauty aids categories recorded negative sales trends. As of the period ending November 2, 1990 volume in all five HBA categories combined fell more than 10.5 million units, or 3.8%, compared with volume during the same period a year ago. The decline rate exceeded both the 12-week loss of 3.3% and the 52-week decrease of 1.3%.

Historically, HBA sales hold steady during periods of adverse economic health. It is likely, therefore, that the present weakness is traceable not to the sluggish economy but rather to a dearth of high-volume new product launchings, as well as consumer good health during the early fall.

During the month of October, other product departments also experienced weak sales trends, although there were modest gains in tonnage for both frozen and refrigerated foods (ahead 0.6% and 0.02%, respectively). Shelf-stable food poundage declined 0.3%, a slight worsening of the 0.2% loss rate for the 12-week span.

Unit volume of dry grocery nonfood products fell 2.1%, also a higher loss rate than the 1.6% decline for the 12-week period. During the 52 weeks ending November 2, the tonnage trends among the food departments were positive, whereas the unit sales of both dry grocery nonfood and HBA were 1.3% lower than the comparable year-ago period levels.

On a dollar basis, four-week sales of HBA items were 0.1%, or less than $1 million, behind last year's pace. This loss rate was exceeded in the case of the dry grocery nonfood department, where dollars were 0.6% below the 1989 period. In the food departments the four-week dollars for dry grocery food, frozen and refrigerated foods gained 1.9%, 3.4% and 8.8%, respectively.

Only one of nine HBA product groups was able to muster a four-week gain in unit movement. Personal needs showed a gain of 7.6% as a result of increases of 8.0% for contraceptives, 4.3% for personal lubricants and 21.2% in the home testing kit category. The poorest four-week performance was recording among baby needs, where all four SAMI categories had negative trends.

The HBA weakness in food stores was also found in drugstores, where unit sales in all 57 categories fell 2.4% during the four weeks, 0.3% during the 12 weeks, and 2.1% for the full 52 weeks. Dollar volume in drugstores, however, was higher in all three time frames: +1.6% (four weeks), +3.3% (12 weeks) and +2.5% (52 weeks).

The best brand trend in the baby needs product group was turned in by Baby Magic lotion, although part of the increased sales are at the expense of Baby Magic Rich N Creamy. The only major new product activity has been the national rollout of Playtex Cherubs in the nursing supplies category.

There was only one deodorant category with a four-week increase. Volume for foot deodorants and athlete's foot remedies gained 4.2%, triggered in part by the national launch of Lotrimin by Schering-Plough. There were four deodorant categories with double-digit loss rates: deodorant and talcum powder (-16.4%), spray deodorants (-12.8%), roll-on deodorants (-12.3%) and cream deodorants (-11.6%).

There was even a small decline in the usually dependable stick deodorant

SAMI UPDATE

Continued from page 75

category. Unit volume for the four weeks in the deodorant product group was 1.5 million behind the same period in 1989.

Two of the three first aid categories trended positively. Antiseptics gained 3.3%, while elastic goods and dressings, aided by new items not tracked a year ago, were up 40.4%. There was a loss of 4.4% for first aid products, a slight improvement over the 12-week loss rate of 7.0%.

New shampoos not enough

Only one category of hair care needs showed increased unit sales. Hair setting needs moved ahead 1.8% as a result of strong performance of such brands as L'Oreal Studio, Suave, Salon Selectives, Finesse, L.A. Looks and Aussie. There were three new and national shampoo brands as compared with a year ago: Vidal Sassoon Ultra Care, Revlon International, and Fisher Price; but volume from these new brands was not enough to erase losses among other established brands.

The only new brand of hair conditioning rinse was Revlon International. The sharpest loss rate among hair care needs was registered by home permanent kits, where Toni Epic Wave appears to be on a phase-out course.

Two oral hygiene categories recorded four-week gains in unit volume. Denture Cleaners were 2.6% ahead, and dental aid volume increased 6.1%. There were loss rates in each of the three highest-volume oral hygiene categories: Toothpaste and powders (-3.0%), mouthwashes (-4.7%) and toothbrushes (-2.2%).

Only a third of the 15 categories of proprietary remedies were in the black. The best trend was a gain of 10.1% for external analgesics, helped by volume from new and national Eucalyptamint and the completion of national distribution for Flex-All 454. Also trending strongly upward were Aspercreme of Thompson Medical and Bristol-Myers's Mineral Ice. Sleeping aids gained 6.1%, and Sleepinal—also from Thompson Medical—was the growth brand in this category.

Gains of just over 1% were realized in the categories of natural vitamins, minerals, supplements and miscellaneous proprietary remedies. Among cough- and cold-related categories, the only plus sign was beside chest rubs (+0.1%). There were four-week declines of more than a million units for internal analgesics and nearly a million units of cough remedies. Aside from the low-volume category of proprietary tranquilizers, the highest rates of declines were 13.7% for appetite suppressants and 12.3% for synthetic vitamins.

Losses were suffered in all four categories of shaving needs. Razor blades declined 2.6% despite new volume from Gillette's Sensor and strong trends for its Daisey Ladies Plus and Trac II Plus.

Three of the five skin care aids categories enjoyed sales increases, although the 8.4% gain for suntan lotion and oil is relatively unimportant during the month of October. The growth brands in the facial preparations category (+3.8%) included Oil of Olay Lotion, St. Ives, Neutrogena and L'Oreal Planitude, which added markets of distribution.

There was a gain of 7.6% for lip care products. Volume among hand and body cream/lotions fell 9.2% in spite of good gains among such brands as Lubriderm, Curel, Suave, Keri, Neutrogena, and Eucerin. Sales among Cosmetic and medicated skin aids fell 1.4%, but there were favorable trends for Clearasil, Oxy-Clean and Oxy-10, and volume was contributed by new and national Oxy Night Watch. ■

ADVERTISER INDEX

SUPERMARKET BUSINESS

ADVERTISER	PAGE
ALASKA SEAFOOD MKTG	8
AMERICAN IRON & STEEL	66
AMERICAN TOBACCO	36
ANHEUSER-BUSCH	17-20
*BELL ATLANTIC	76
CALAVO	24
CHEF PAUL PRUDHOMME	79
CONAGRA	11
DEL MONTE	29,30,31,33,35
EQUAL	22
GERBER-BRISTOL/M	59
GLADSON	23
*GEOTZE	68
HORMEL	44
IMPEL MARKETING	72
JAMES RIVER	6
LIGGETT & MYERS	61
LORILLARD	26
MILLER BREWING	39
PHILIP MORRIS	12-13
RJR TOBACCO	Cov.2
SCOTSMAN IND	Cov.4
SEARS	14
SONY	41
SVO ENTERPRISES	79
TANDY	67
TROPICANA	4

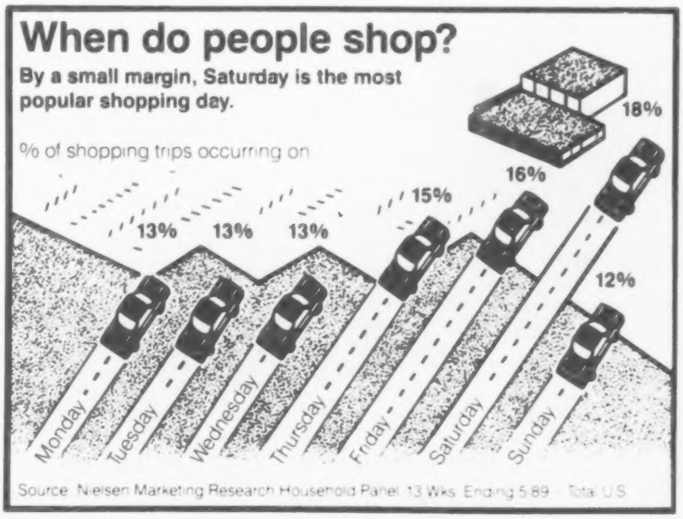
*Regional

INSTORE BUSINESS

ADVERTISER	PAGE
ALTO-SHAAM	47-50
COUNTRY HOME BAKERS	56-57
CRYOVAC	64-65
HOBART CORP	54

NONFOODS BUSINESS

ADVERTISER	PAGE
AMBASSADOR	72-73
BLI	78
GEOLINK	78
MAGNIVISION	77
SCRIPTO	71
SHEN	74



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% of shopping trips occurring on

Source: Nielsen Marketing Research Household Panel 13 Wks. Ending 5/89 - Total U.S.

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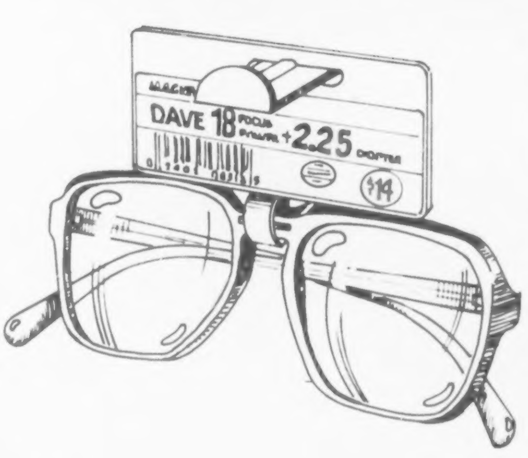

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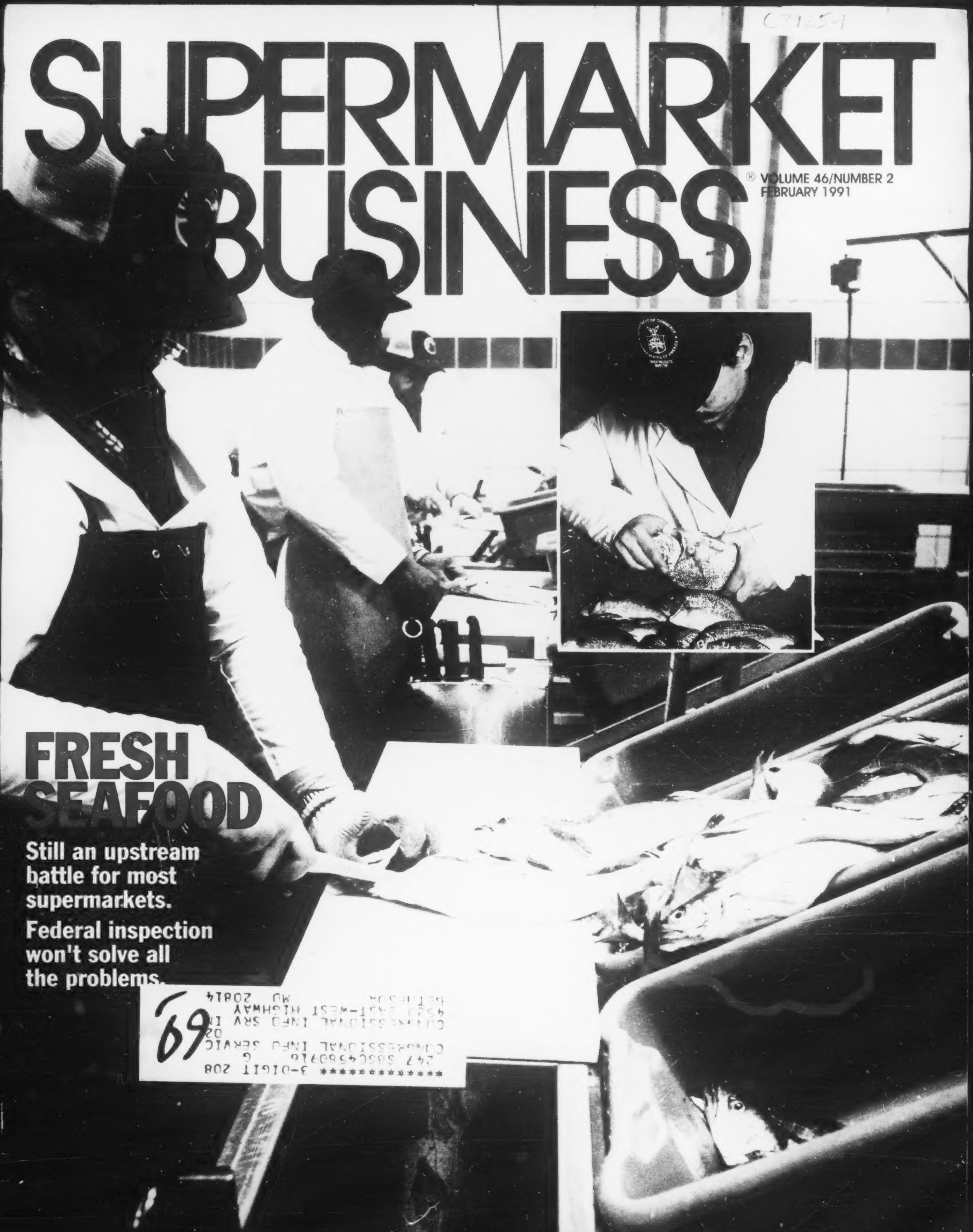

FRESH SEAFOOD

Still an upstream battle for most supermarkets.

Federal inspection won't solve all the problems.

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SUPERMARKET BUSINESS

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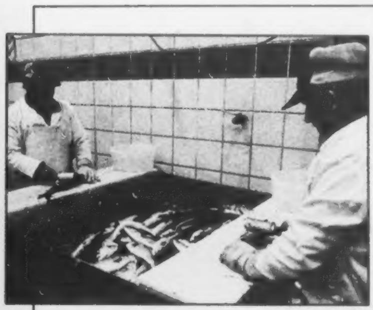
FEATURES



Page 21

FRESH SEAFOOD: STILL AN UPSTREAM BATTLE FOR MOST SUPERMARKETS 21
MIKE DUFF

While the consumer market was never better, specialty stores and restaurants still have the best image when it comes to handling, serving and selling seafood. Supermarkets still have much work to do to catch up.

ELECTRONIC MARKETING: NOT YET ON TARGET, BUT COMING INTO FOCUS 35
DAVID LITWAK

Too much information may not be a good thing. Huge databases are going unused as retailers search for the best and most cost-effective ways to target customers.

Page 47

SUPERMARKETS, SUPPLIERS SET TO BITE BACK AGAINST SPECIALTY PET FOODS 43
MIKE DUFF

Strong growth among producers of pet foods sold by pet stores and veterinarians has prompted some supermarkets and their suppliers to develop new competitive strategies.

SUPER STOP & SHOP: BETTING THAT BIGGER IS BETTER—UP TO A POINT 47
HOWARD RIELL

How much space does a store need to satisfy customers' desires for one-stop shopping? Through experimentation, one Boston-based company thinks it has found the answer.

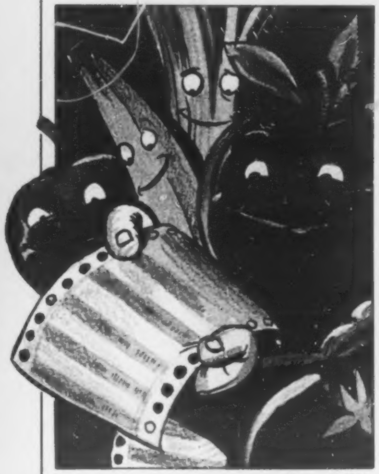
INSTORE BUSINESS

NINTH ANNUAL SERVICE DELI OPERATIONS REVIEW DAVID LITWAK 57

Service deli departments enjoyed another year of double-digit growth in 1990. Increases in total units and sales per unit pushed sales to a record $12.76 billion, as margins and profit levels remained steady. Gains were smaller, however, than in the previous year.

KENNIE'S MARKET: USING RESTAURANT KNOW-HOW TO CATER TO CUSTOMERS 79
HOWARD RIELL

With an extensive prepared food program and a highly successful catering service, this Pennsylvania store relies heavily on its management's restaurant expertise.



Page 16

NONFOODS BUSINESS

BACK-TO-SCHOOL PROMOS: HANDLE WITH CARE FRANK HAMMEL 93

Whether used as traffic-building devices or profit-generating events, back-to-school promotions require careful long-range planning.

SAMI UPDATE ALAN B. MILLER JR. 95

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **7**
WASHINGTON BRIEFS ... **9**
TRADESCAN **11**
SUPPLIER SIDE **14**
TECHNOLOGY **16**
PRODUCE **19**
PREPARING FOOD **87**
NEW PRODUCTS .. **85,89,90**
FEBRUARY CONTEST .. **104**
ADVERTISER'S INDEX . **105**
CHECKOUT **106**

Cover Photos: Keith Glasgow

WE ARE AT A CROSSROADS, BUT THE WAY IS CLEARING

By Ken Partch, Editor-in-Chief

What are friends for if they don't tell you about important new books to read? That's what a friend, Mike O'Connor, just did for me, so I'll pass it on to you. The book is called *The Machine that Changed the World*, and it's based on the Massachusetts Institute of Technology's five-year, $5 million study on the future of automobile manufacturing.

It describes the revolutionary leap that the Japanese made from *mass* production to *lean* production, and "what industry everywhere can learn from it" ... Including the supermarket industry, I might add.

Lean production, the term used by the MIT group, is a combination of the best features of craft skills and mass production, employing fewer people, for less time, at much less cost, to achieve higher quality of a wider range of products, and more challenging work for everyone.

The book makes sense out of lot of the nonsense you've heard about Japanese methods, and such things as "quality circles." This got me thinking about W. Edwards Deming, the American inventor of the whole idea of quality circles.

Why, for example, did the Japanese adopt the quality circles of W. Edwards Deming when he couldn't get anywhere with American business? Because the circles made perfect sense to an industry that was changing its methods of management and production to a system that required a high degree of teamwork, and a great deal of on-the-spot problem solving.

The workers at Toyota (where most of these new techniques were developed) are responsible for quality at the point of origin of the problem, and will correct it there rather than wait until the entire car is assembled, which is how it is still largely done with mass production throughout the world. In a system such as this, quality circles are a necessary development.

In other words, what good would a system of quality circles do at a supermarket if all that the store manager was concerned about was "shrink"? You can't tack quality circles onto a system that has management going in one direction and the workers in another.

In a recent interview, Deming had this to say about trying to inject fast-cure, management antidotes without changing the system—Management by Objective, for example. Deming: "You only get what the system will deliver." If you employ a method like MBO without realizing the limits or the capability of the system you may achieve your objective at the risk of destroying the company.

What good would a system of "quality circles" do at a supermarket if all that the manager was concerned about was "shrink"?

"A manager will make it happen. He better make it happen, that's his job. And to make it happen, he'll ruin the company ... Take the manager of a store. He's allowed only one percent shrinkage (loss from theft). He knows 60 ways to reduce it to one percent, and every one of them loses customers. Could you blame him for doing his job? He wouldn't have a job if he didn't do it."

Sound familiar? In other words, Deming is saying that to change American business you have to change our whole concept of management and business purpose.

That's what is so striking about what the MIT study has to tell us. In recalling the origins of mass production, and the contributions of Henry Ford, the book points out that what Ford did that was really revolutionary was not so much the moving assembly line, but the ability to make parts that were *interchangeable*.

Once the parts were interchangeable, there was little need for skilled machinists except at certain stages of design. The workers needed to know very little, and could be trained in minutes. Now, the workers were also interchangeable. Now, a large pool of unskilled workers was required who could be easily laid off when business turned down, and rehired when business turned up. It took awhile to learn that these same workers would also become a market for the cars.

And in my view, this was the beginning of many of the forces that would continue to drive our society until this day. It defines our politics. Now, work itself would never again be the same, and business would never again be the same.

Alfred Sloan at General Motors would go on to perfect mass production, and the world would never again be the same. Big business followed the Sloan model, the book says. Enter big unions and big government. Indeed, Alfred Sloan is said to have said that one of the few people capable of running GM was Walter Reuther, who ran the United Auto Workers.

The American automobile industry model for dealing with workers, suppliers and customers has been pretty much followed by most American big business. Each segment of the industry first alienates the other by driving the hardest bargain it can (the auto maker with labor and its suppliers, while keeping its dealers and the customers at arms length) and then continues to operate toward the other segments as an adversary—except, of

Continued on page 12

SUPERMARKET BUSINESS

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SUPERMARKETS, SUPPLIERS ACT TO... BITE BACK AGAINST SPECIALTY PET PRODUCTS

BY MIKE DUFF

Strong growth among producers of pet foods sold by pet stores and vets has prompted some supermarkets and their suppliers to develop new competitive strategies.

The pet food business is about to get tougher as mass market-oriented processors get ready to challenge competition from a new breed of specialty producers.

Brands such as Iams and Science Diet, which are sold by veterinarians and pet stores, have eaten into supermarket sales, according to pet food producers such as Kal Kan and Quaker.

To counter the threat to their territory, they have developed new products, brand extensions and reformulations that better address the nutritional concerns pet owners have for their animals, a position that the specialty producers have successfully employed.

John Murray, vice president of marketing and sales for Kal Kan Foods, Inc. (Vernon, Calif.), asserts that specialty products are making significant incursions into supermarket sales of pet food. Pet food dollar volume currently is growing at an annual rate of only about 1.5 percent in supermarkets, Murray says. Poundage actually is down about 0.5 percent.

Conversely, specialty outlets have enjoyed pet food sales growing at about an 18 percent rate and total current volume estimated at around $2.3 billion, according to Kal Kan.

"The results we see in the scanning data have to be because of some switching of channels," Murray says. "At the same time, we've got information that dog and cat ownership is still increasing.

"The incidence of dog ownership rose between 1989 and 1990 from 36.2 of U.S. households to 37.3 percent. The number of dogs in the U.S. is believed to have risen from 50.5 in 1989 to 54.5 million in 1990.

"For cats, incidence of household ownership rose from 30 percent to 31 percent and the number of cats rose from 57.9 million to 63.2 million. So the market in terms of numbers of mouths out there is still increasing."

Murray says that a proportion of pet owners have made the switch to specialty products—and swallowed their higher prices—because they have a closer personal bond with their pets and because many reflect concern about their own diet on the animal. If the truth be known, Murray adds, the attention to nutrition probably has a lot to do with preventing high veterinary bills as well love.

But not all supermarkets believe their pet food business has been significantly eroded

PET POPULATION BOOM

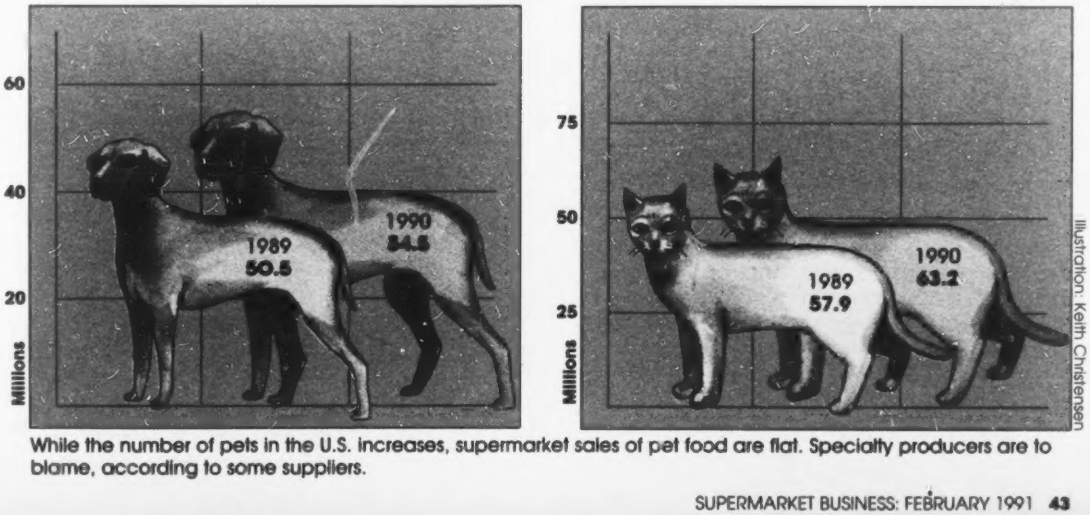


Illustration: Keith Christensen

While the number of pets in the U.S. increases, supermarket sales of pet food are flat. Specialty producers are to blame, according to some suppliers.

by specialty brands. "We've looked at this and we don't think we've lost sales," says Doreen Lewis, pet food buyer for Hannaford Bros. Co. (Scarborough, Maine). "Our sales are outstanding and growing. The pet food manufacturers claim we're losing sales to Science Diet, Iams and the others, but we haven't seen it."

Lewis concedes, though, that Hannaford Bros. will carry new nutritional offerings. After all, the promotional money "sure is" attractive. "And it's another way we'll offer our customers one-stop shopping convenience."

Ralston Purina Co. (St. Louis) says that the reason many supermarkets haven't developed a perception that specialty products are hurting their pet food sales is because supermarket and specialty segments have different customers.

"The two have distinct constituencies," says Patrick Farrell, a Ralston Purina spokesperson. "Our research shows that."

However, Ralston does believe there are grocery store customers interested in something better for their pets. Four years ago, they introduced the ONE line of dry dog food to address the needs of those consumers.

"We saw that, in a number of supermarket departments, upscale products thrived," Farrell says. "Our goal, with the ONE products, was to show that upscale dog food was something that would be purchased in supermarkets.

But, while it positioned ONE to break new ground in supermarkets, Ralston Purina also addressed the specialty sector with Pro-Plan, a product sold by "pet specialists," such as pet stores.

Although Ralston Purina downplays competition between the specialty stores and supermarkets, Spartan Stores, Inc. (Grand Rapids, Mich.) takes it very seriously. The company has been developing its own plan to compete with specialty product outlets which it believes are hurting sales industry-wide.

"We have $2 billion in sales going away from us to specialty stores, a tremendous amount," says Rick Ribbens, a buyer who played a central role in recently revising Spartan's business plan for pet food. "Our volume is down, and a more and more pet stores are coming into the arena against us. Now, we're competing with a consumer perception created by the specialty product manufacturers that their products are superior. We can't continue to lose business, especially because the consumer we're trying to reach already is in the store."

Ribbens commends Kal Kan and, ironically, Ralston Purina as the suppliers who are providing them the best ammunition with which to fight the specialty trade. For its part, Spartan Stores is looking to break products with nutritional positioning into an independent section—something suppliers agree is crucial to secure consumer recognition.

Better contents in the Kan

Kal Kan intends to fight back with a program that includes an expansion of its successful Pedigree and Whiskas lines that emphasize the company's dedication to research and to improving the nutritional quality of pet diets.

"Kal Kan has conducted extensive research with specialty diet products such as Iams on the palatabilty of their product with animals and has harnessed our own nutritional understanding," Murray says. "We have been manufacturing and selling specialty diets in 23 countries around the world outside the U.S. Therefore, we have the nutritional understanding developed at our Waltham Centre for Pet Nutrition, a leading center for nutritional investigation."

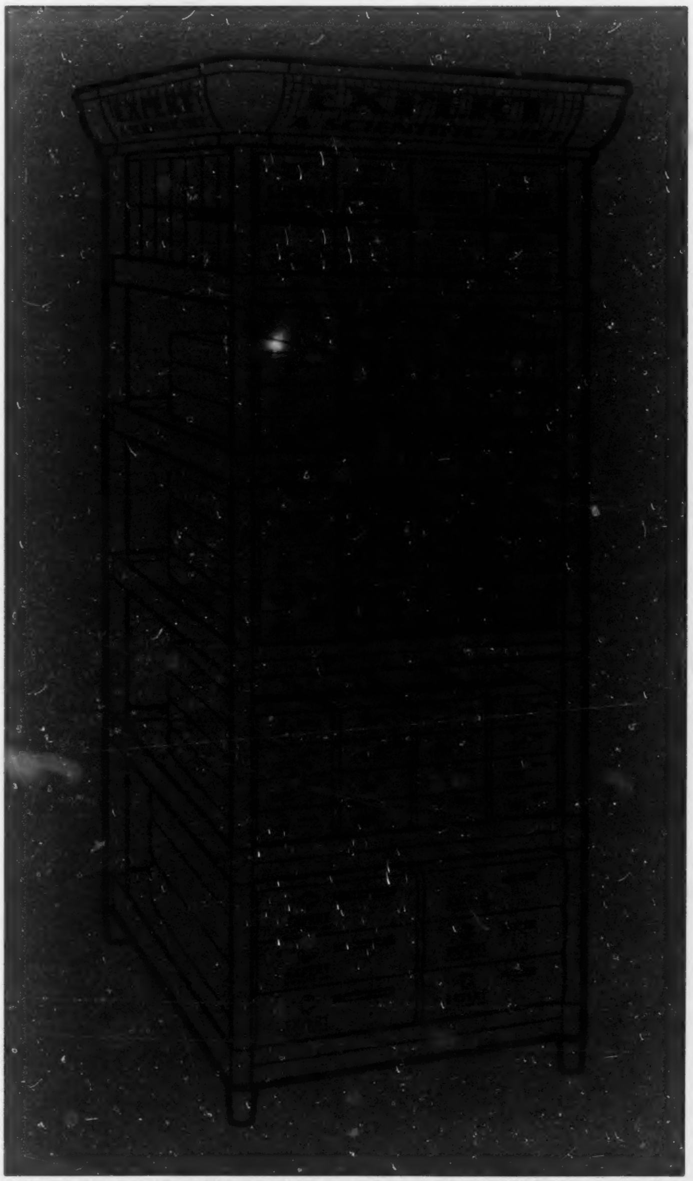
The result of Kal Kan's research is a product that Murray says is less expensive and more palatable—i.e. tasty—than specialty varieties with equal or superior nutrition.

"In terms of the total proposition, we will be an attractive to the users of these existing specialty diets," he says.

Pedigree Expert and Whiskas Expert, trademarked names for the new products, will be offered to all channels. To reach into the specialty products' arena, Kal Kan will offer a product line called Waltham Diets through veterinarians. Waltham Diets are formulated to meet nutritional needs of animals undergoing treatment for medical conditions and are positioned to win consumers over to the Expert lines after an animal regains its health or for other pets an owner might have.

"We can offer to the supermarket operator the chance to recapture the high value shopper, who is the purchaser of specialty diets," says Murray. "We also offer the opportunity of trading up within the store's product range toward

'We can offer to the supermarket operator the chance to recapture the high-value shopper, who is the purchaser of specialty diets.'



Independent pet "nutrition centers" are designed to get the message of products such as Kal Kan's Expert line across to shoppers.

quality and higher price."

Kal Kan plans an aggressive marketing campaign to support the rollout of its Expert lines. The company has budgeted about $40 million for a campaign that will include television, print, couponing and point-of-sale advertising.

Kal Kan also has developed a store fixture system promoting Pedigree and Whiskas as Expert: A Scientific Diet to ensure that the 36 SKUs in the product line aren't lost in the pet food section.

The product line includes Pedigree Growth for puppies, High Performance for active dogs, Conditioning for adult dogs, Low Calorie for overweight/inactive dogs, Senior for older dogs and Biscuits, which represents the first line of healthy snack food for dogs, Murray says. The Whiskas Expert line includes Growth for kittens, Conditioning, Low Calorie and Senior for adult cats formulated in correspondence to the Pedigree Expert products.

Re-Cycle

The pet foods division of The Quaker Oats Co. (Chicago) has taken a different tack by reformulating its Cycle dog food line.

Cycle, too, has been designed to compete nutritionally with the specialty brands. "We really reformulated Cycle to be as good as the professional brands but available at the grocery store at a price that's a lot more reasonable for your average consumer, especially at a recessionary time," says Louise Wolf, assistant brand manager for Cycle. "We think people will come back to the grocery store after they compare, talk to their veterinarian and think about both the price they're paying and the convenience compared with going outside the grocery store."

With a market position that already plays on some aspects of nutrition, Cycle might have benefited from the growth of specialty brands and from shoppers looking to dish up better doggy diets. But the company was slow to act.

"We didn't take advantage of what consumers were looking for," says Wolf. "That's what we're doing now with this formulation. But we were the first ones to come out with staged products in the grocery store. Because the threat wasn't as big in the past, we didn't really compete head to head with the specialty brands in other outlets, and we didn't demonstrate to consumers the difference between our products and other products in the grocery stores. Now we see our competition differently. All of our programs are geared to talking to consumers and professionals about what is good about Cycle."

Promotional efforts for the new Cycle include couponing and related advertising and in-store Nutrition Center fixtures designed to display Cycle's products along with other nutritionally-oriented brands. The Nutritional Center—which can include supermarket logos and related retailer graphics—will include POP material, various nutritional brochures and pamphlets informing consumers how to use a 900 number system dubbed Pet-Line that provides health and behavior information about their dogs 24-hours a day.

Reformulated Cycle will be available nationwide by March, says Wolf. Kal Kan's Expert line is rolling out nationally over the first six months of this year, according to Murray. ■

SPECIALTY PRODUCERS SAY NEW COMPETITION IS NO THREAT

While mass market pet food producers get set to take on a specialty segment—products sold by veterinarians, breeders and pet stores—specialty producers remain confident that they will continue to thrive.

According to Glenn Williams, manager of marketing communications at Iams Co. (Dayton, Ohio), the positioning of specialty products insulates the company from mass market competition.

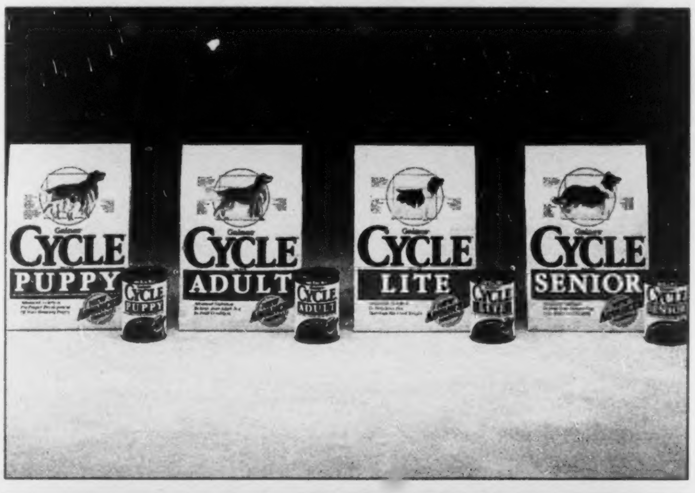
"These products require educated professionals to sell them," he contends. "This food is very different from anything currently sold in supermarkets. It has better nutrition, higher protein and a higher price. But because it is more nutritionally efficient, you can serve less. So the cost per serving can be less than some competing products sold in supermarkets. You need someone to explain."

The customers who buy specialty products are also fundamentally different from supermarket customers, says Williams. "Our customers are more serious. For them, a dog is more than a dog, it's a member of the family."

Ralston Purina takes a similar position about the pet food marketplace. Although the company does produce its ONE products for supermarket shoppers who want a "super-premium" dog food, they also produce a separate line—Pro-Plan—for the specialty trade. Ralston Purina believes that supermarkets have fundamentally different pet food customers from veterinarians and pet stores.

But not everyone agrees. Kal Kan and Quaker have positioned their pet food products to compete directly against what Williams identifies as the specialty trade's strengths. Those companies say their products are formulated to match or surpass the nutritional performance of the specialty producers. And, they are setting up separate nutritional centers in supermarkets that provide nutritional information in the hope that they can reach supermarket shoppers their own benefit story.

But Williams counters, "That's a tough sell in grocery stores. We haven't had a chance to analyze these new products yet, but we still think we're nutritionally superior. It should be an interesting year."—M.D.



whiskas EXPERT A SCIENTIFIC DIET
Pedigree EXPERT A SCIENTIFIC DIET

Both the new Cycle and Expert product lines will be available nationally by the end of spring.

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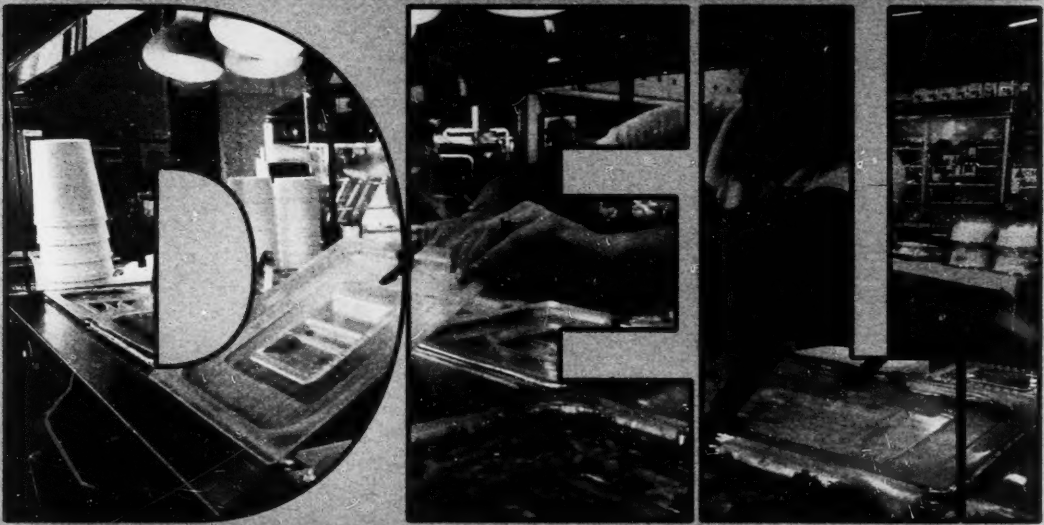


REVIEW

Service deli departments enjoyed another year of double-digit growth in 1990. Increases in total units and sales per unit pushed sales to a record $12.76 billion, as margins and profit levels remained steady.

BY DAVID LITWAK AND
JANET TORRES CEPEDA

■ The 1990s began with another year of double-digit growth in the service deli department, as sales volume increased from $11.13 billion in 1989 to a record $12.76 billion, a gain of 10.4 percent. Both sales and units were up; more salami was sliced, more macaroni salad was scooped, pizza baked and entrées chilled, and enough six-foot heros were sold to reach from Topeka to Trenton or Tacoma.

The news doesn't sound quite as good when it is put into perspective. In 1985, sales in service delis were $5.83 billion. Over the next five years, sales more than doubled—the 1990 level represents a 119 percent increase over 1985. But growth is slowing dramatically: The service deli's 10.4 percent gain in 1990 is far below its 16.5 percent growth in 1989, and is only half its 20.7 percent increase in 1988.

There are a number of factors that account for this slowdown. By all accounts 1990 was not a wonderful economic year in general, and the effects of the sluggish economy were felt in the food industry.

CENSUS
60

SALES, MARGINS & PRODUCT MIX
62

SPACE
64

LOCATION & EQUIPMENT
69

LABOR & SERVICE
70

PRODUCTION & SUPPLY
72

MERCHANDISING & CUSTOMERS
76

Another reason, and one that may have more permanent effects, is that the service deli has grown up. The department is maturing, people are used to shopping it, and the department has a penetration of 68 percent of all operating supermarkets.

Sooner or later, any "hot" section will stop growing at 16 percent or 20 percent a year. Eventually, you get to the level where you stop building the franchise, and have to begin concentrating on getting more out of what is already in place. Supermarket service delis may be reaching that point. Growth will come by taking the customers they have and addressing products and services to them more directly. In a sense this has already begun.

Part of the deli's increase in sales during 1990 can be attributed to the increase in the number of deli units operating. Last year there were 20,975 supermarkets that operated service delis, 775 more than in 1989.

The addition of these new units

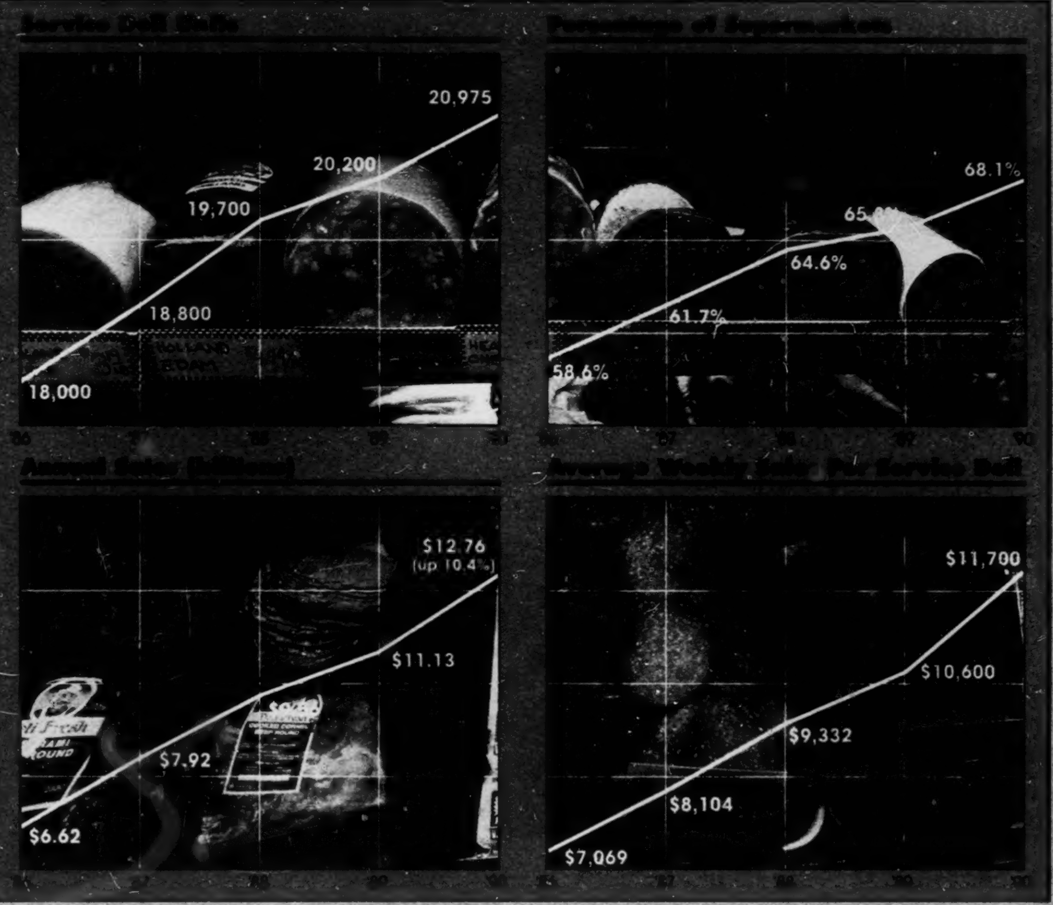
SERVICE DELI

CENSUS

The addition of 775 new deli units helped the service deli achieve its highest sales year ever in 1990. The $12.76 billion mark was an increase of more than 10 percent from 1989's $11.13 billion.

The deli's growth has begun to slow. In both units and sales, 1990 gains were smaller than those of 1989. In comparison with the past several years, sales increases were particularly modest.

Weekly sales per deli unit rose as well last year. The average deli brought in about $11,700 per week, compared to just $10,600 in 1989. Part of this gain can be explained by higher prices, but volume movement increased as we...



Service deli sales rose over 10 percent last year, bringing annual sales to $12.76 billion.

helped account for a some of the sales and volume gain in 1990. The average weekly sales per deli last year was $11,700. This was only $1,100 more than the weekly sales of a deli in 1989, and therefore, accounted for about $1.16 billion of the increase. The new units contributed the other half billion dollars in sales.

Sales, profits, margins steady

The increase in the average weekly sales of the deli was felt by all segments of the supermarket industry. Ninety-one percent of the operating companies reported that their weekly deli sales increased during 1990, with the average increase being 9.4 percent.

An additional 7 percent of the companies had weekly sales that were unchanged from their 1989 levels, while only 2 percent of companies experienced a decline in weekly deli sales last year.

This average for weekly sales can be deceiving; the actual spread of sales is quite large. Just breaking weekly deli sales into three averages based on type of store, gives an indication of the wide range of weekly sales.

Despite these gains in average weekly sales, the deli's share of total store sales went basically unchanged. In 1990 the service deli was responsible for 4.3 percent of store sales in those stores that had the department, down just slightly less than the 4.5 percent in 1989. This would indicate that at least some of the weekly dollar sales gain in the deli during 1990 was due to increased prices.

Also holding steady last year was the average profit contribution that the deli makes to the store's total. During 1990 the deli contributed about 14.6 percent to the total store's bottom line. This means that the ratio of percentage of profits to share of store sales is still better than 3 to 1.

Part of the reason that the deli sale is so profitable is the relatively high margin that the deli carries. The average gross margin in the whole deli held steady last year at 43.1 percent. Certain deli items, such as prepared foods, have gross margins well above the 50 percent mark.

The other side of the deli sales coin is what the deli does as a draw for the rest of the store. Eighty-four percent of operators consider their delis to be both a profit center and a draw for the rest of the store.

The deli as a draw may be losing some of its automatic appeal. With a penetration level of 88 percent of all supermarkets, just having a deli is not necessarily a competitive advantage. The advantage is only gained by the deli that offers an outstanding or

DELI SERVICE

SALES, MARGINS & PRODUCT MIX

Sales increases were widespread in the supermarket deli industry last year. Ninety-one percent of retailers reported increased deli sales in 1990. The average reported increase was 9.4 percent.

Despite these sales increases, the share of total store sales that comes from the deli dropped slightly. In 1990, 4.3 percent of store sales came from the department, down from 4.5 percent in 1989. With the average gross margins of the deli remaining at 1989 levels (43.1 percent), the deli was able to maintain its share of contribution to total store profits.

There was little movement in the adoption or abandonment of special deli sections or products last year. Salad and soup bars, yogurt machines, tortillerias, pasta and other sections remained close to 1989 penetration levels.

Average Weekly Sales

Mean **$11,700** Median **$10,800**

By Store Format

Conventional	**$8,920**
Superstore	**$15,300**
Superwarehouse	**$15,900**

Change in Dollar Sales ('90 vs. '89)

Higher	**91%**
No change	**7**
Lower	**2**
Total	**100%**

Average reported increase **9.4%**

Do You Consider Your Delis

Image/traffic builders	**4%**
Profit centers	**12**
Both	**84**
Total	**100%**

Share of Total Store Sales

Mean **4.3%** Median **3.8%**

By Store Format

Conventional	**4.93%**
Superstore	**3.91**
Superwarehouse	**2.56**

Contribution to Store Profits

Mean **14.6%** Median **15.6%**

Percent of Store Profit

Less than 8.0%	**2%**
8.0-9.9%	**8**
10.0-11.9%	**23**
12.0-14.0	**31**
15.0 or more	**36**
Total	**100%**

Gross Margin

Mean **43.1%** Media **41.0%**

Less than 35%	**8%**
35-39	**28**
40-44	**38**
45-49	**14**
50 or more	**12**
Total	**100%**

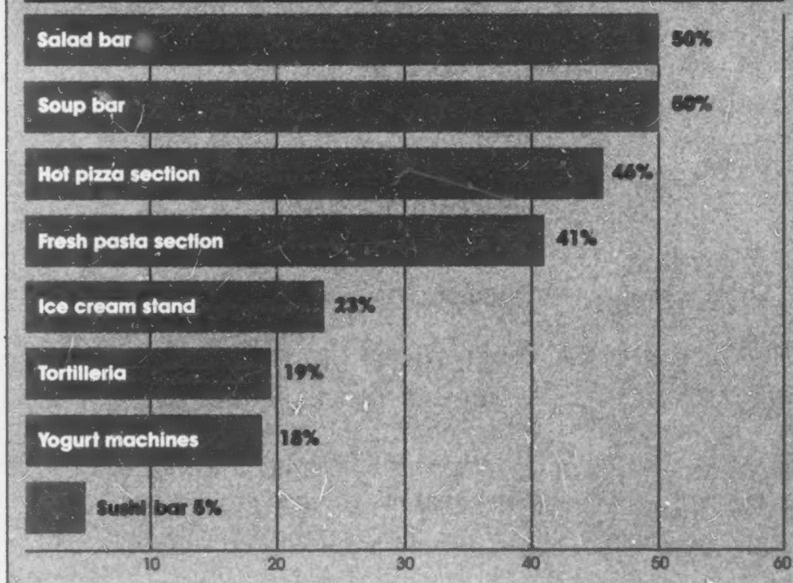
Items Dropped or Decreased

- Barbecue Items

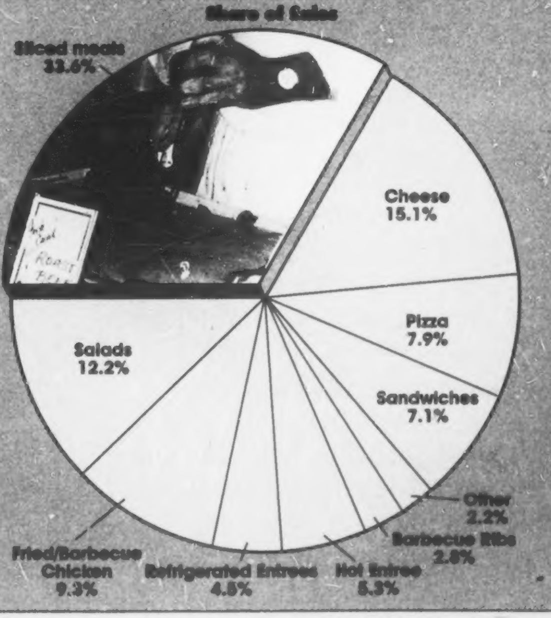
Service Deli Items/Lines Most Frequently Added or Increased

- Refrigerated entrees
- Hot Pizza
- Lite Salads

Percentage of Companies Offering Each Type of Product Section as Part of Service Deli



Portioning Out the Service Deli Sales Dollar



Margins and profits in the service deli last year remained at much the same levels as in 1989.

unique program, whether it be prepared foods, specialty items, or quality at reasonable prices.

There were few surprises in the products that moved through supermarket service delis last year. The big selling items remained big, although not quite as big, and the previous year's sales gainers continued to gain.

It was really a modern-day twist on the Robin Hood scenario - take from the rich, and give to yourself. The "rich" sales categories, sliced meats, cheeses and salads still dominate the deli, together accounting for about 61 percent of its sales. This dominant share, however, is down from the combined 63 percent in 1989.

All three categories experienced part of this loss. The largest loser was cheese, which went from a 16.3 percent share in 1989 to 15.1 percent in 1990, a loss of 1.2 percent of the sales pie. Sliced meats, the deli's biggest category with 33.6

DELI SERVICE

SPACE

Adding only an average of 60 sq. ft. in 1990, the service deli and its accompanying cases managed to hold onto its relative share of total store space. At 1,470 sq. ft., the deli occupies an average of 3.9 percent of store space.

It would appear that the service deli is getting about as big as it is likely to get. In the future physical growth in the deli will probably be limited, and will come in the form of extra refrigerated cases along the peripheral areas of the store adjacent to the department.

Because the deli did not expand much last year, but there was a 10 percent growth in sales, sales per sq. ft. in the deli reached a new all-time high. At $7.96 per sq. ft., the extra $.44 in sales represents an increase of 5.9 percent.

Size of Department

Square Feet of Space

Mean	1,470 Square Feet
Median	1,285 Square Feet
By Store Format	
Conventional	1,050 Sq. Ft.
Super Store	2,150 Sq. Ft.
Superwarehouse	2,005 Sq. Ft.

Share of Total Store Space

Mean	3.9%
Median	3.5%
By Store Format	
Conventional	4.2%
Superstore	4.6%
Superwarehouse	3.2%

The Delibake Concept

Stores Combining Delis and Bakeries Into a Joint Delibake Department

Joint delibake	25%
Separate departments	75
Total	100%

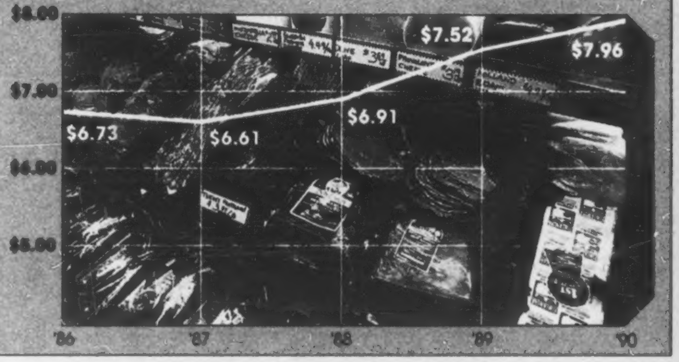
Popularity of Display Case Styles

Percent Likely to Use in Upcoming Installations

European-style cases	63%
Traditional cases	31
Both	6
Total	100%

Average Weekly Sales Per Square Foot of Space

Mean	$7.96
By Store Format	
Conventional	$8.50
Superstore	7.12
Superwarehouse	7.93



Floor space in the deli did not grow significantly in 1990, but the average amount of sales per sq. ft. did. On average, each sq. ft. of deli space was worth an extra 44 cents in sales last year.

percent, lost 0.9 percent of the total sales, while salads lost just 0.3 percent.

The major recipients of these lost sales shares were the foodservice, or prepared foods items. Taken together, the various ready-to-eat items account for about 37 percent of total deli sales.

While virtually all prepared foods categories increased their shares of deli sales, the two biggest gainers were refrigerated entrées, and pizza programs, both gaining an extra 0.6 percent of sales in 1990.

A gain of 0.6 percent or a loss of 1.2 percent may not seem like much, but it becomes significant when you're talking about sales of $12.76 billion. Take cheese, for instance, which dropped from 16.3 percent of deli sales to 15.1 percent. Because we're talking about share of sales, not actual sales, deli cheese did not decline in sales dollars. It actually increased in 1990, but not as much as it would have if it could of retained its 1989 share of sales.

In 1989 (at 16.3 percent of sales) deli cheese sales were $1,814,190,000. In 1990 (at 15.1 percent of sales) cheese sold $1,926,760,000. If, however, cheese could of retained its 16.3 share of deli sales in 1990, then its sales would have been $2,079,880,000.

Therefore, the drop in share of sales of just 1.2 percent cost cheese an additional $153,120,000 dollars in sales. That amounted to an additional $153,120,000 in sales that went to the prepared food items instead of to deli cheeses.

Not only did refrigerated entrées and pizza programs have the biggest gains in market share of all deli products, they also were the products that were most often introduced or expanded in the deli last year. Lite salads were also among the newer products that delis introduced most in 1990.

Barbecue items seemed to have begun to slip somewhat last year. Deli merchandisers said that barbecue items were the most often cut back items. Barbecue ribs, for instance, was the only prepared food item that did not increase in market share in 1990. Its share held steady at 2.8 percent of sales.

Slight space increase

In terms of physical space service delis grew slightly last year. The average amount of floor space occupied by a service deli grew from 1,410 sq. ft. in 1989 to 1,470 sq. ft. in 1990.

An average growth of just 60 sq. ft. means that there wasn't a great deal of expansion of products or services in the deli. Those products or services that were added were usually done so without adding much additional space, borrowing it,

DELI SERVICE

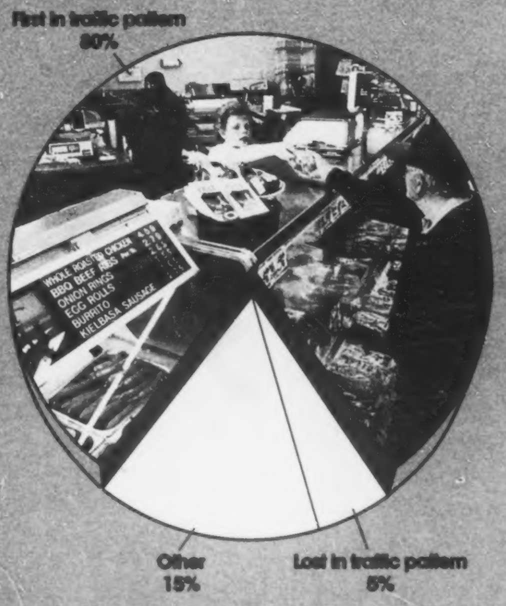
LOCATION & EQUIPMENT

It is no shock that deli directors would prefer to place their departments first in the store's traffic patterns. This preference increased last year, with 80 percent now wanting to be the first department shoppers see.

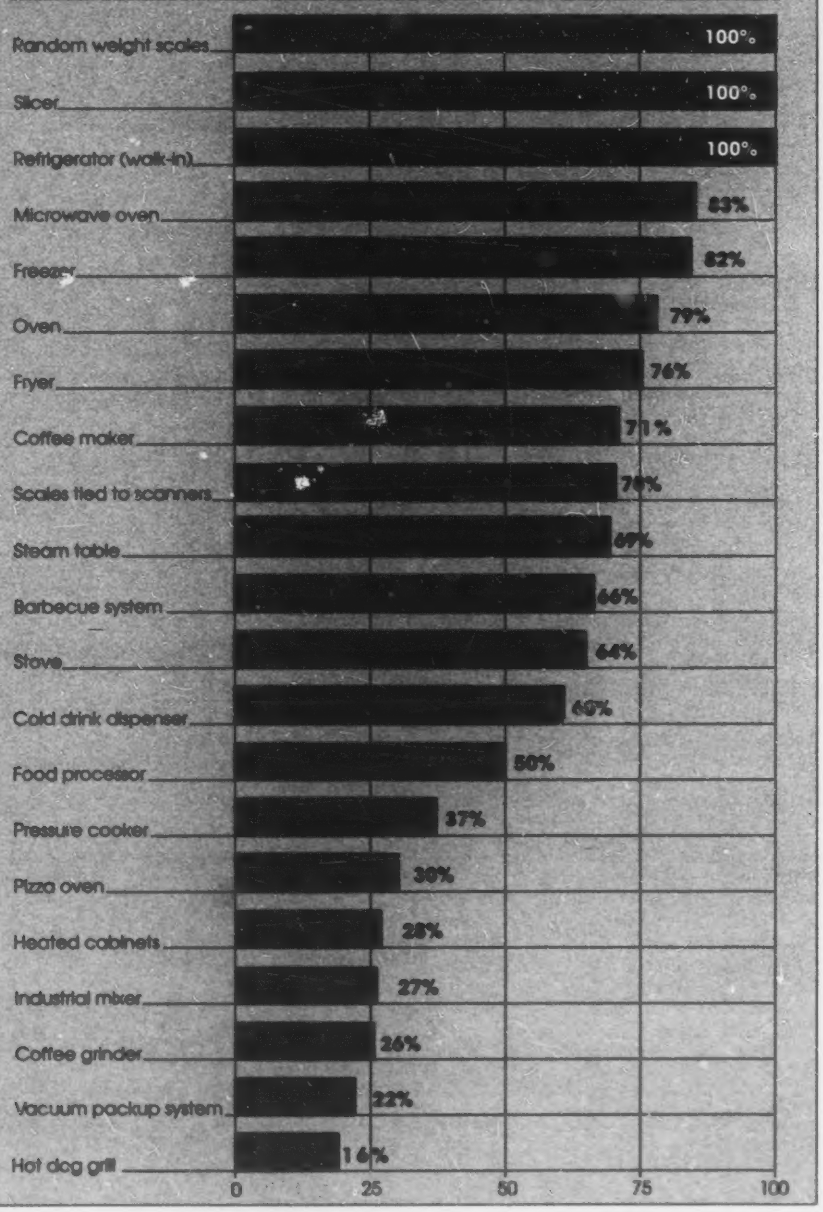
This increase is not all due to ego, but to the need for getting the customer to the department and out of the store conveniently.

Service delis continued to increase the amount of equipment that they had in the store last year. This added equipment included both food preparation/kitchen equipment used to prepare food from scratch, and more foodservice/snack-bar equipment for instore eating.

Preferred Location for Service Deli



The Well-Equipped Service Deli Percentage of Stores That Have



Deli directors may not be totally impartial, but given a choice, they'd make the department the first thing customers see when they enter the store.

instead, from existing products.

The service deli occupies an average 3.9 percent of the total store space, this is only up 0.1 percent from 1989's figure. Because of the combination of slight increases in size and weekly sales, average sales per sq. ft. were up about 6 percent, to a new high of $7.96.

The big story in the deli this year is the improvement in the labor picture. Retailers report that it now takes fewer people to run their delis. This is a continuation of a trend that we have been seeing for the past couple of years.

It now takes the equivalent of 7.2 full employees to operate the service deli each week. In 1989 it took 8.5 full-time equivalent employees to do the same work. The range of number of deli employees around this 7.2 average is great. For instance, 28 percent of the delis operate with fewer than 5 employees, while 23 percent utilize more than 11 full-time equivalent employees.

While there has been some reduction in labor costs, they are not proportionate to the reduction in man hours. In 1989 labor costs were roughly 18 percent of sales in the deli. Last year, with the reduction in manpower, labor costs dipped only slightly to 17.6 percent.

The reason for the slight reduction in labor costs is that the ratio between the more costly full-time employees and the part-timers has stayed the

DELI SERVICE

LABOR & SERVICE

Retailers report that it now takes fewer people to run their delis. This is a continuation of a trend that has been going on for the past two years. It now takes the equivalent of 7.2 full-time employees to operate the department.

The lower number of employees, coupled with the increase in sales in the department, has raised the average weekly sales per deli employee to $1,625. Despite these cuts in employees, the percentage of departmental sales that goes to cover labor costs decreased only slightly, from 18 percent in 1989 to 17.6 percent in 1990.

More and more stores are offering prepackaged prepared foods as a way of giving customers the optimum in speedy service and convenience. The vast majority of delis now offer some selections of prepackaged sandwiches, desserts, salads and entrees.

Number of Employees

Full-time	3.4
Part-time	7.6
Full-time Equivalent*	7.2

Full-Time Equivalent Employees

Fewer than 4	10%
4-5	18
6-7	31
8-10	18
11 or more	23
Total	100%

*two part-time= one full-time employee

Average Weekly Sales Per Employee*

Mean	$1,625
$750 or less	2
$751-$1,000	16
$1,001-$1,500	46
$1,501-$2,000	31
Over $2,000	5
Total	100%

*Full-time equivalent employees

Special Area for Consuming Foods/Drink From Deli On Premises

Percentage of Companies Offering

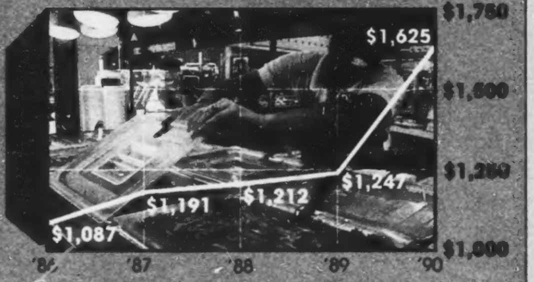
Have facilities	71%
No facilities	29
Total	100%

How Much for Labor

(Labor as Percentage of Service Deli Sales)

Mean	17.6%
Median	17.3
10-15%	14%
16-20	35
21-25	31
26-30	17
Over 30	3
Total	100%

Average Weekly Sales Per Employee



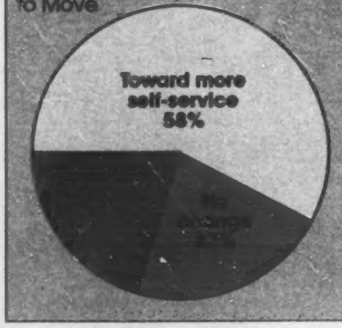
Time for Prep and Service

Breakdown of Labor Hours

Customer service	64%
Other (incl. prep)	36
Total	100%

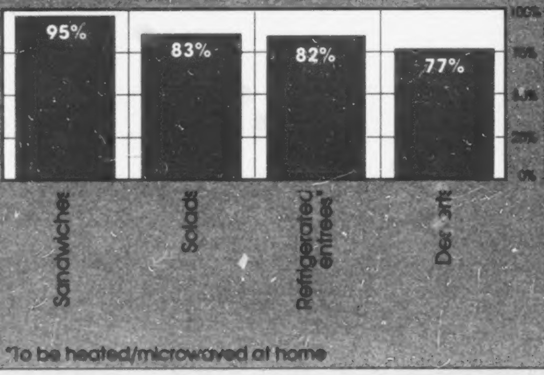
Trends in Service

Direction Deli Directors Expect Their Operations to Move



Offerings of Prepackaged Products in Self-Service Cases

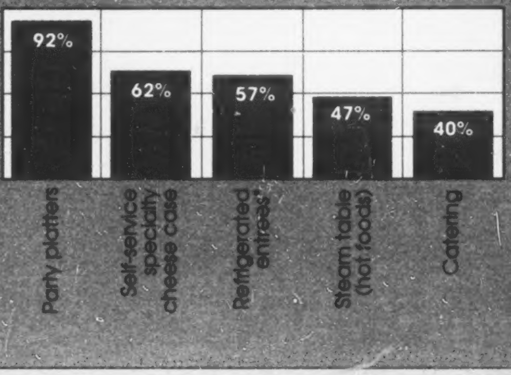
Percentage of Stores Offering



*To be heated/microwaved at home

Special Services

Percentage of Stores Offering



Labor was the brightest spot in the deli picture last year, as staff reductions were achieved without decreasing product selection.

same. Approximately 47 percent of the deli workers are full-timers. Since there are only 3 or 4 of these employees in the department they are more apt to be higher salaried managers or cooks, rather than minimum-salaried clerks.

The drop from an 18 percent labor cost to a 17.6 percent cost is not as insignificant as it may appear. With margins and profits in the supermarket being as competitive as they are, anytime you can squeeze an extra 0.4 percent out, you've found extra money.

As a consequence of the drop in the number of employees, and the increase in weekly sales, the average weekly sales per employee increased by $378 in 1990, from $1,247 to $1,625.

The cost of labor decreases may have been counteracted by an increase in product costs, because the delis may be bringing in more of their products already prepared from foodservice suppliers. Those reporting that they prepare at least some salads instore from

DELI SERVICE

PRODUCTION AND SUPPLY

Commissaries continue to decline in supermarket companies, with only 22 percent reporting some sort of company commissary operation. Companies that do have commissaries tend to put them to good use—68 percent are used primarily to prepare food from scratch for the stores.

Virtually every retailer reports having more than one source for salads sold at the deli. The most popular source continues to be some sort of foodservice supplier. Fifty-seven percent of stores procured salads directly from foodservice manufacturers, distributors or wholesalers, while 48 percent of stores make at least some of the salads from scratch instore. Only 11 percent prepare salads in their company commissary.

Commissaries

Percent of Companies Having Company-Operated Commissary From Which Stores Order

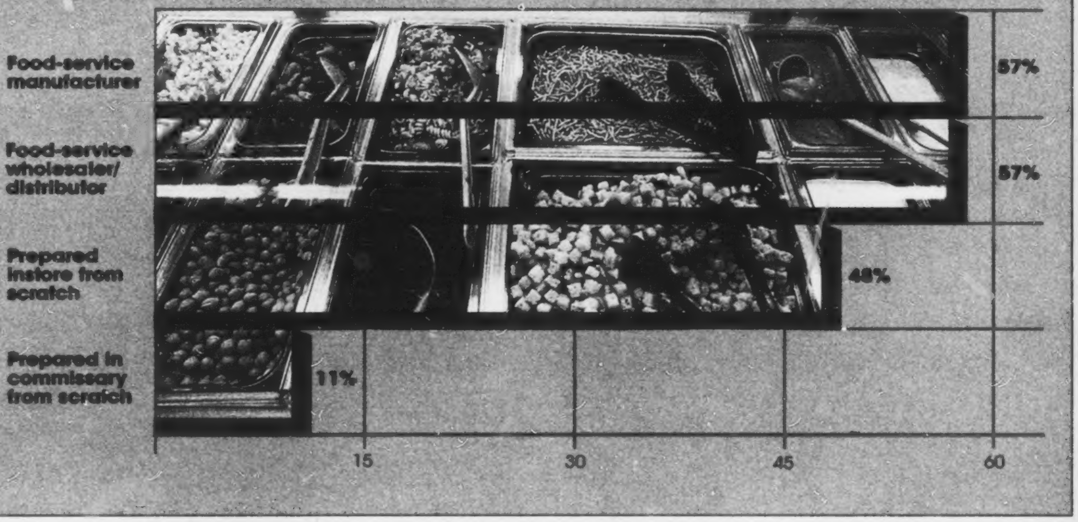
Have commissary	22%
Do not have commissary	78
Total	100%

Main Function of Commissary

Prepartation from scratch ingredients	68%
Ordering from food-service suppliers	32
Total	100%

Sources of Service Deli Salads

Percent of Stores Using



Prepared products bought from foodservice suppliers have helped cut labor costs in many service delis, while allowing them to merchandise more prepared food products.

scratch, for instance, declined to 48 percent from 50 percent, while those reporting that they buy salads from a supplier increased to 57 percent. Most stores now get their products from a variety of sources.

A further indication that more product is coming into the store already prepared is that companies report that their employees spend less of their time in food preparation. Despite the merchandising of more involved prepared foods these days, the amount of employee time spent in food prep dropped to 36 percent from 39 percent in 1989. Conversely, the amount of time spent in customer service increased to 64 percent.

More customer shopping trips

1990 was a good year for the deli department customer count. The percentage of total transactions that included a deli transaction finally increased.

The percentage of total transactions that included a deli purchase in 1990 went up to 22.1 percent from 19.8 percent in 1989. While still not as high a percentage as any deli operator would like, this the biggest jump in some time.

More shopping trips may include a deli purchase, but the average size of that purchase has decreased somewhat. In 1989 the average deli transaction amounted to $4.55, while in 1990 the average transaction was down to $4.41.

This is not a result of lower prices in the department, since prices were up somewhat last year. Rather, it is a result of smaller purchases. This may be one reason why the percent of shopping trips or store transactions containing a deli purchase increased. Shoppers are buying less, but more often. Another factor is that if there are more new patrons shopping the deli, they may be buying in less quantity, or choosing a more limited selection of products than long-time deli shoppers.

There is more money floating around the deli for promotion and advertising. More operators indicated that their deli's share of the advertising budget was now equal to or greater than its share of sales (76 percent in 1990 as opposed to 65 percent in 1989).

Sampling remains the number one method of deli promotion, with 94 percent of the companies reporting that they have a sampling program in place. These programs are becoming more broad-based, including sampling of both new and existing products instead of only recent introductions.

Many retailers have instituted a program of regular sampling, in which something is being offered to customers for tasting each week, giving them a reason to walk by the department. This is a technique used successfully by bakeries for generations.

Other popular methods of promoting the deli include newspaper ads (used by 89 percent), store circulars (83 percent) and point-of-purchase materials (73 percent).

Deli operators aren't too thrilled with the some of the

DELI SERVICE

MERCHANDISING & CUSTOMERS

The percentage of total store transactions that included a deli purchase in 1990 went up to 22.1 percent from 19.8 percent in 1989. This was the largest jump in years. It suggests that the deli is getting a little more successful in getting its shoppers to make purchases more frequently.

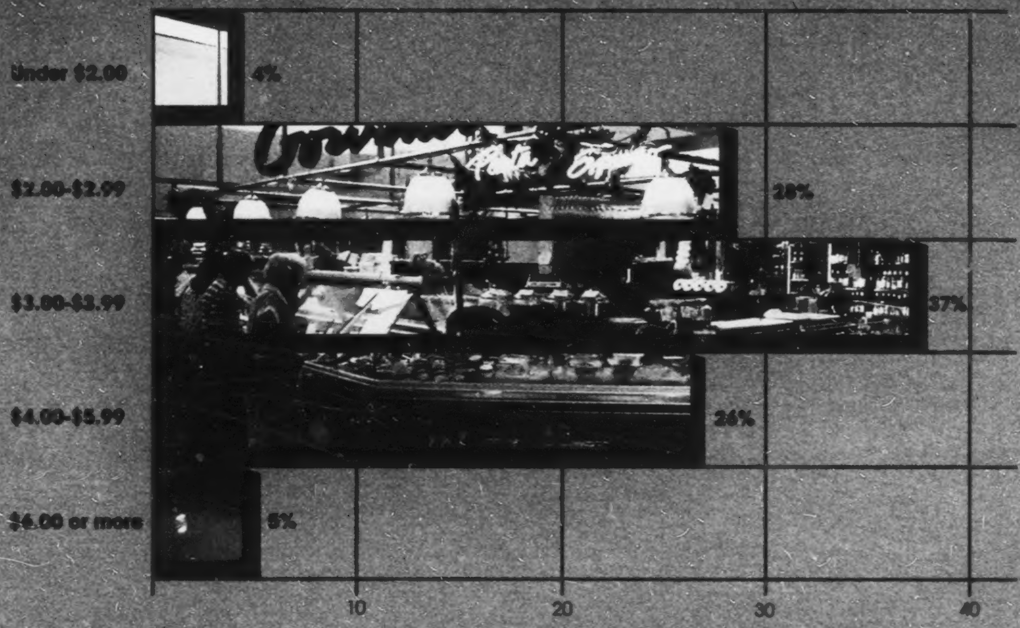
More shopping trips may include a deli purchase, but the average size of that purchase has decreased somewhat. In 1989 the average deli transaction amounted to $4.55, while in 1990 the average transaction was down to $4.41.

Deli operators are hoping to win more frequent repeat purchases, and as many new shoppers as possible, by heavily promoting the department. Most now claim that their share of ad budgets is at least as large as their share of sales.

Retailers are looking to their deli suppliers for help in promoting the departments, especially in the form of instore demos, deli coupons, and ad allowances. There is also a need for suppliers to get more involved in training employees.

How Much Customers Spend

Percentage Who Shop the Deli	Mean **22.1%**	Median **20.6%**
How Much They Spend	Mean **$4.41**	



Advertising and Promotion Sell Service Deli

	Percentage Using
Sampling	94%
Newspapers	89
Circulars	83
Point-of-Purchase	79
Radio	57
Television	40

Delis' Share of Ad Space Compared to Share of Sales

Greater	35%
Less	24
Equal	41
Total	100%

How Retailers Rate the Promotion and Advertising Help from Deli Suppliers

Excellent	12%
Good	47
Fair	29
Poor	12
Total	100%

Where Retailers Need More or Better Quality Help from Deli Suppliers

	Companies Wanting More Help	Companies Wanting Better Help
Instore demos	71%	47%
Point-of-purchase materials	41	18
Deli coupons	65	12
Ad allowances	65	24
Training	71%	47%

The good news is that the number of deli transactions is up. The bad news is that each transaction is worth just a little bit less.

support that they are receiving from their deli suppliers. When asked to rate the promotional and advertising help they received, only 47 percent said that it was good, and 12 percent that it was excellent.

The majority of retailers said that they needed more help from their deli suppliers in promoting the department and the individual products. Specifically, they called for more help with instore demos, training, deli coupons and ad allowances. The majority did say that they had enough point-of-purchase materials.

Last year's statistics indicate that the deli is no longer an automatic draw, and that it will not automatically grow in sales. It is not necessarily even the automatic money maker that it was a few years ago. Operators are starting to have to work both smarter and harder to increase both the deli's share of the store's dollars, and their store's share of the community's deli or prepared foods dollars.

Two important figures to watch in the coming year will be the deli transaction count, and the amount of the average transaction. If operators can increase both of these figures, the department will have a very successful year. Otherwise, they had better be able to orchestrate a significant jump in at least one of these figures. ▣

HEALTH & BEAUTY AIDS
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 10/5/90	4 WEEKS ENDING 11/2/90	4 WEEKS ENDING 11/30/90
BABY NEEDS	**- 5.1%**	**- 6.9%**	**- 1.7%**
Baby Powders	- 12.6	- 9.8	- 1.0
Baby Oils, Creams & Lotions	- 9.4	- 9.1	- 5.3
Infant Clothes	- 12.0	- 15.7	- 6.5
Nursing Supplies	+ 2.9	- 2.4	+ 2.1
MISC. PERSONAL NEEDS	**+ 7.8%**	**+ 7.6%**	**+ 6.4%**
Contraceptives	+ 4.9	+ 8.0	+ 1.6
Personal Lubricants	+ 2.8	+ 4.3	+ 23.5
Home Testing Kits	+ 22.0	+ 21.2	+ 16.1
Thermometers	+ 9.4	- 2.8	+ 3.8
DEODORANTS	**+ 2.2%**	**- 5.8%**	**- 3.9%**
Sprays	- 8.7	- 12.8	- 11.9
Roll-Ons	- 3.1	- 12.3	- 13.4
Stick Deodorants & Pads	+ 12.1	- 0.5	+ 6.9
Creams	- 7.7	- 11.6	- 14.6
Deodorants & Talcum Powders	- 13.6	- 16.4	- 28.4
Feminine Hygiene Deodorants	- 5.5	- 9.6	- 5.3
Foot Deodorants & Athlete's Foot Remedies	+ 7.5	+ 4.2	+ 7.4
Feminine Douches	- 0.9	- 2.4	- 9.2
FIRST AID	**- 1.8%**	**- 2.2%**	**- 6.7%**
Antiseptics	+ 2.0	+ 3.3	+ 1.7
First Aid Products	- 3.6	- 4.4	- 9.5
Elastic Goods & Dressings	+ 33.5	+ 40.4	+ 26.0
HAIR CARE NEEDS	**- 2.5%**	**- 5.0%**	**- 1.8%**
Shampoos	- 1.4	- 6.2	- 2.7
Hair Sprays	- 8.4	- 5.8	- 0.5
Hair Conditioning Rinses	- 0.4	- 2.9	- 1.8
Hair Setting Needs	+ 4.6	+ 1.8	+ 3.1
Home Permanent Kits	- 12.8	- 14.6	- 13.8
Hair Coloring	+ 4.0	- 4.4	- 2.8
Hair Dressing Needs	- 3.9	- 6.6	- 7.3
ORAL HYGIENE	**- 3.4%**	**- 2.8%**	**- 5.5%**
Toothpastes & Powders	- 3.4	- 3.0	- 4.9
Mouthwashes	- 9.2	- 4.7	- 10.5
Breath Fresheners	- 4.9	- 0.8	- 4.5
Denture Cleaners	- 7.0	+ 2.6	- 2.2
Denture Adhesives	- 3.5	- 6.7	- 3.5
Toothbrushes	+ 2.2	- 2.2	- 5.9
Dental Aids	+ 12.5	+ 6.1	+ 9.6
PROPRIETARY REMEDIES	**- 5.6%**	**- 3.9%**	**- 2.2%**
Antacids	- 3.5	- 2.5	- 1.9
Internal Analgesics	- 7.2	- 5.2	- 7.9
External Analgesics	+ 10.7	+ 10.1	+ 3.8
Cold Remedies	- 7.0	- 2.5	+ 4.9
Nasal Sprays/Drops/Inhalers	- 8.5	- 4.0	+ 1.3
Chest Rubs	- 10.8	+ 0.1	- 3.8
Cough Remedies	- 4.8	- 4.8	+ 1.7
Laxatives	- 2.7	- 3.7	- 3.5
Sleeping Aids	+ 6.9	+ 6.1	+ 6.0
Tranquilizers	- 13.0	- 15.4	- 19.3
Eye Care Products	- 5.0	- 5.6	- 3.2
Appetite Suppressants	- 18.4	- 13.7	- 21.4
Synthetic Vitamins	- 12.1	- 12.3	- 12.3
Natural Vitamins	- 0.4	+ 1.1	- 1.1
Misc. Proprietary Remedies	- 2.3	+ 1.2	- 1.0
SHAVING NEEDS	**- 0.8%**	**- 2.8%**	**- 3.7%**
Shaving Creams	- 1.3	- 0.8	- 1.3
Pre-Shave Lotions	- 11.9	- 7.1	- 10.5
After-Shave Lotions	- 5.8	- 10.8	- 6.9
Razor Blades	+ 0.3	- 2.6	- 4.2
SKIN CARE AIDS	**- 3.4%**	**- 0.8%**	**- 4.6**
Hand & Body Creams & Lotions	- 5.4	- 9.2	- 13.2
Facial Preparations	- 1.8	+ 3.8	+ 9.9
Lip Care Products	- 4.4	+ 7.6	- 3.1
Suntan Lotions & Oils	+ 31.8	+ 84.2	+ 41.1
Cosmetic & Medicated Skin Aids	- 1.8	- 1.4	+ 0.5
TOTAL ALL CATEGORIES	**- 3.2%**	**- 3.8%**	**+ 3.3%**

COLD REMEDIES GAIN, BUT UNIT SALES FALL IN MOST HBA CATEGORIES

November losers outnumber winners 2 to 1, as tonnage continues to trail 1989 levels in both food stores and drugstores.

BY ALAN B. MILLER JR.

During the four-week period ending November 30, 1990, food store combined volume in all 57 health and beauty aids product categories fell 8.7 million units as compared with the corresponding period of a year ago. This represented a decline of 3.3%, which matched the loss rate recorded in drugstores nationally for the same period.

The four-week decline was broad-based. The only increase was a gain in miscellaneous personal products, where all four product categories registered tonnage increases, paced by personal lubricants (+23.5%) and home testing kits (+16.1%).

The tonnage loss rate among HBA categories was higher than that for dry grocery nonfoods, where units fell 2.0%. There were poundage gains in each of the food departments: dry grocery food, +0.8%; frozen, +1.0% and refrigerated, +1.3%.

On a dollar basis, HBA products showed a four-week gain of 0.4%, which was slightly higher than the increase of 0.2% over a 12-week span. But the highest dollar gain was found among refrigerated foods, a plus of 8.7%. A dollar loss of 0.1% was recorded in the case of dry grocery nonfood products.

The four-week dollar trends were lower than the annual performance in all five product departments. As of the period ending November 30, 1990, the 52-week dollar gain for HBA stood at +2.5% as compared to a gain of 4.1% for all categories tracked by Arbitron/SAMI combined.

In three HBA product groups, the four-week trend, although negative, represented an improvement over the loss rate on a 12-week basis. Among baby needs, the four-week unit loss was 1.7% as opposed to 4.6% for the 12-week interval. Hair care products had a 12-week loss rate amounting to 3.1%, and the decline improved to -1.8% for the four weeks. The comparison among proprietary remedies was -2.2% for four weeks and -3.9% for 12 weeks. In each of the remaining five HBA product groups, the trend picture worsened.

Winners and losers

Exactly twice as many product categories (38) suffered losses as had gains (19). The highest gain rate was an aseasonal jump of 41.1% for suntan lotion/suntan oil. The most severe rate of decline was 28.4% for deodorant and talcum powders.

Each of the four categories of baby needs enjoyed improved performance during the four weeks as compared with the 12-week period. The 8.3% loss rate for baby powders on a 12-week basis turned into a 1.0% loss in the 28 day period, and baby oils, cream and lotions went from a 12-week loss of 7.9% to a four-week decline of 5.3%. Infant clothes units fell 6.5% in November, but this was an improvement over the 11.5% loss rate for the 12-week span. The strongest trend among the categories in this product group was established by nursing supplies, ahead 2.1% for the month, 0.9% for the 12-weeks, and 2.6% for the full 52 weeks.

Two deodorant categories had positive trends: stick deodorants and pads (+6.9%), and foot deodorants and athlete's foot remedies (+7.4%). The national launches of Degree and No Sweat added new volume in the stick deodorant category, while the increase in sales of foot deodorants and athlete's foot remedies was helped by the sales of Schering Plough's new Lotrimin. In addition to the

SAMI UPDATE

Continued from previous page

loss already noted for deodorant and talcum powders, there were four-week double-digit loss rates for cream deodorants (-14.6%), roll-ons (-13.4%) and sprays (-11.9%).

Although two of the three first aid categories tracked by SAMI had positive four-week tonnage trends, their increases were insufficient to offset the losses among first aid products, which suffered a 9.5% decline in spite of volume from new products, particularly Ninja Turtle and Sesame Street bandages. The elastic goods and dressings category was up 26.0%, but this advance was aided by the tracking of items not included last year. Volume of first aid antiseptics was enhanced by the introduction of Warner-Lambert's Caladryl.

Only one category of hair care needs recorded a gain on a four-week basis. Hair setting needs was ahead 3.1% with help from growth brands such as l'Oreal, Studio, Suave, Salon Selectives, L.A. Looks, Aussie, Vital Care and La Coupe. The highest loss rate was found in the home permanent kits category, where Toni Epic Wave is on a phase-out course after only a brief period of popularity. Shampoo, the highest volume category, fell 2.7%, but this was an improvement over the 3.4% loss during the 12-week span. On a full-year basis, the only hair care needs categories with increased unit sales versus the 1989 52-week period were hair setting needs (+5.7%) and hair conditioning rinses (+1.5%). The second highest four-week loss rate was for hairdressing needs, which registered a decline of 7.3%. The loss rate in the hair spray category fell from -5.0% for the 12 weeks to -0.5% in the four-week period.

Only one category of oral hygiene products showed forward progress. Unit sales of dental aids moved ahead 9.6%, reflecting strength among both private label offerings of dental floss and sales of dental devices such as Water Pik. The highest four-week loss rate was a 10.5% decline for mouthwash, followed by a 5.9% fall-off in the category of toothbrushes. Sales of toothpaste and powder dropped by more than 1.3 million units in the four-week period compared with the same period in 1989. On a full year basis, however, four oral hygiene categories recorded increased sales rates: dental aids (+4.7%), toothbrushes (+3.2%), breath fresheners (+2.7%) and denture adhesives (+0.1%). The highest annual loss rate was a 5.8% decline for mouthwash products.

Cold remedies healthy

Four-week sales of proprietary remedies declined just under 2 million units. The loss rate would have been higher if not for strength in all of the cough and cold categories except for chest rubs. There were gains for cold remedies (+4.9%), nasal sprays/drops/inhalers (+1.3%) and cough remedies (+1.7%); and in each of these three categories, the four-week plus volume was in contrast to a 12-week loss.

The highest gain rate in the entire product group was a 6.0% advance for sleeping aids, while the sharpest drops were found among appetite suppressants (-21.4%), synthetic vitamins (-12.3%) and the low-volume and fading proprietary tranquilizers category (-19.3%). Only five of 15 proprietary remedy categories had unit volume gains on a full year basis, topped by an increase of 14.8% for external analgesics.

All four of the shaving needs categories had losses for the four-week interval and only one, shaving creams, was successful in posting a gain (+0.1%) for the 52 weeks. The highest four-week loss rate was found among pre-shave lotions, where the previous year's volume was inflated by the introduction of Afta. The introductions of Gillette's Sensor did not provide enough additional volume to create gain rates for razor blades for any of the four-, 12- or 52-week periods.

Sales in the skin care aids product group fell 4.6% for the four weeks in spite of the fact that three of the five categories increased: suntan lotions/suntan oils (+41.1%—an off-season, low volume gain), facial preparations (+9.9%), and cosmetic and medicated skin aids (+0.5%). The product group weakness was intensified by the sharp 13.2% decline in hand and body creams/lotions and a 3.1% loss for lip care products. ■

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BRAND POWER

HOW TOP BRANDS COMPETE FOR SHARE OF MARKET IN 350 CATEGORIES, TODAY AND FIVE YEARS AGO

SUPERMARKET BUSINESS

MARCH
1991

VOLUME 46
NUMBER 3

Page 25

Page 69

Page 79

8TH ANNUAL PRODUCT PREFERENCE STUDY

BRAND POWER ROBERT DIETRICH **25**

Analysis of 350 product categories today, and comparison with a study conducted by SUPERMARKET BUSINESS five years ago, shows that the power of big brands has diminished in many categories.

DRY GROCERY–FOOD 34
BABY FOODS **34**
BAKED GOODS **34**
BREAKFAST FOODS **34**
CANDY **35**
CANNED FRUITS/JUICES/VEGETABLES **35**
DESSERTS/BAKING INGREDIENTS **35**
OILS/DRESSINGS/CONDIMENTS **38**
PACKAGED SPECIALTY FOODS **38**
REFRIGERATED MEATS **41**
SAUCES **41**
SNACKS **42**
SPICES/EXTRACTS/MISC. GROCERY **42**
FAMILY BEVERAGES **42**
SOFT DRINKS **44**
BEER **44**
WINE **44**
DRY GROCERY–NONFOOD 46
HOUSEHOLD CLEANERS **46**
HOUSEHOLD SUPPLIES **46**
LAUNDRY SUPPLIES **49**
PAPER/PLASTIC PRODUCTS **49**
PET PRODUCTS **50**
SOAPS, NON-LAUNDRY **50**
TOBACCO **52**
DAIRY 52
FROZEN FOODS 52
GENERAL MERCHANDISE 54
AUTO SUPPLIES **54**
GENERAL MERCHANDISE **57**
HEALTH & BEAUTY AIDS 57
BABY/CHILDREN'S HBA **57**
COSMETICS **57**
FIRST AID/SKIN CARE **58**
HAIR CARE, MEN'S **58**
HAIR CARE, WOMEN'S **59**
MISC. WOMEN'S HBA **59**
ORAL HBA **104**
REMEDIES/MISC. HBA **104**
SKIN CARE/SHAVING, MEN'S **105**

FEATURES

BRAND POWER, 1991 VS. 1986: THE RETAILER'S PERCEPTION DAVID LITWAK **63**

Retailers say that in most categories, an increase in the number of brands stocked over the past five years has had little effect on brand loyalty.

AT SCOLARI'S, NEW SUPERSTORE FORMAT MEANS DELI/BAKERY UPDATE **69**
HOWARD RIELL

Superstores, not warehouses, are the wave of the future for Scolari's. As more units are updated and expanded, the company will phase out the "Warehouse Market" name.

IN LEAN TIMES, FULL SERVICE HELPS LABONNE'S PLUMP UP SALES FRANK HAMMEL **79**

What's the best strategy for dealing with recession-wary, price-minded consumers? Lavish them with service and quality, and persuade them to eat at home more often.

MICROWAVE COOKWARE CAN HEAT UP OTHER SALES MIKE DUFF **95**

The latest microwave cookware, designed to improve food quality by better distributing heat, offers stores new opportunities for microwave promotions.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **5**
WASHINGTON BRIEFS..... **7**
TRADESCAN............. **11**
SUPPLIER SIDE........... **15**
TECHNOLOGY **19**
PRODUCE................ **23**
PREPARING FOOD........ **87**
SAMI UPDATE **103**
CONTEST............... **114**
ADVERTISER'S INDEX... **115**
CHECKOUT **118**

Cover Photo: David DiMicco

...AND THEN THERE'S ALBERTSON'S

By Ken Partch, Editor-in-Chief

For one reason or another everybody seems to be talking about Albertson's these days. But the funny thing is that unless you look at the financial statement, there isn't an awful lot to say. The company maintains a decidedly low profile.

Albertson's is an enigma to most people in the industry. Even those who know the industry well. The reason that it is an enigma is that beyond the mundane things, such as running a good business and getting a high share of market per store, it is hard to say what distinguishes Albertson's from the rest of the pack. It usually isn't even the price leader, although it's always close.

Although the company runs a lot of superstores and combo stores (and was an early entrant into combos with Skagg's as a partner), it also has a lot of stores that can best be described as plain vanilla in this day of what one writer calls fashion leaders. Albertson's is no fashion leader, and probably wouldn't know what one is.

Of course, that's what the writer is writing about: how supermarkets in general don't know much about fashion, and that's why the consumer finds them so dull. And this brings me to the crux of the matter.

For many years, I have puzzled over what academicians would call the dichotomy of theory and practice. It bothers me when practice does not fit theory—and vice-versa. But one of the things I have discovered about retailing after all these years is that it doesn't have to. It just has to work. A good retailer simply does it. You figure out the theory.

The writer mentioned above is Norman H. McMillan of McMillan/Doolittle, a Chicago retailing consulting firm, and the article he wrote appears in the Fall 1990 edition of *International Trends in Retailing*, published by Arthur Andersen & Co. ITR is one of my favorite publications, but I have to take issue with McMillan's premise and conclusions. I also have to admit that a short time ago, I would have agreed with him whole-heartedly.

A short time ago (three, four or five years), things were happening so fast in terms of store format and design that we could hardly keep up. At last, I thought, this business is finally becoming *marketing* oriented, not simply *distribution* oriented.

Meyer Marcus, when chairman of Food Fair, was wrong (I thought), when he told me many years ago that "we are not in the food business, we are in the food distribution business." In the '80s, this business became fun to write about. They were finally doing it my way. Uh, huh.

Looking at the plain vanilla stores run by Food Lion and Albertson's, and looking at their P&Ls, who is to say that they are wrong?

Everything pointed in the direction of moving more and more into the food and foodservice business, and we said so. To a large extent we were right. If you do it well, it works. Look at Giant Food, look at Randall's, look at Wegman's, look at Kings. And this is what McMillan is telling us. It works, says McMillan, because these stores are moving in the direction of what people want, the products they want, the fashion they want. McMillan's whole background is in department stores and general merchandise stores, and these are the examples of proof that he calls upon.

He cites the Seattle market, where there are many fashion leaders in the supermarket business. He plots the Seattle stores on a graph beginning with Larry's, then Olsen's, then QFC, and then Tops. Then the distances begin to widen and there is Safeway, Fred Meyer and last there is Albertson's. McMillan chides supermarkets for their dullness, for their lack of interest in fashion. And he says that they are making a great mistake in this because consumers don't like them for it. He does not even bother to mention Albertson's.

The problem with applying theories to a volatile business such as retailing is that you had better be sure you are looking at the right parameters. While the industry has been busy with formats such as Extra, Edward's Food Warehouse, Cub, The Real Superstore, Vons Pavilions, Tianguis, Someplace Special, Simon David, and Irvine Ranch Farmers Market, and most of us in the media have been falling over each other to write about them, there have been nagging shadows stalking my subconscious. One shadow has been Albertson's. Another is Food Lion.

While several of the above have come and gone, or evolved into something else, Food Lion and Albertson's have gone on doing what they do best—running plain vanilla supermarkets and making money—more money than most of their competitors by far. Albertson's has a financial statement that would make most accountants in any business drool with envy.

Something else has stuck in my mind for a few years. At a financial analysts' meeting, Warren McCain, then Albertson's chairman, was asked by a newspaper reporter if all these new service departments were increasing the cost of food. I am sure that the reporter did not understand McCain's answer, but I did, because it sounded so much like Meyer Marcus. "This is largely a commodities business," said McCain. It is also very much a replacement business, I might add.

I am beginning to think the unthinkable. I think that it is so much harder to make money the way Albertson's and Food Lion do it. It takes so damn much work!

Could it be that we are looking at two different ways of dealing with two different consumer worlds—the fashion conscious and the anti-fashion conscious? And that both approaches can work? ■

SUPERMARKET BUSINESS

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TRADESCAN

Coborn's Wins Top NGA Honors

The National Grocers Association (NGA) announced the winners of its 1991 Excellence in Merchandising competition at the NGA convention in New Orleans on Jan. 29. Merchandising efforts were judged for creativity, visual impact, employee involvement and bottom-line performance.

Coborn's Inc. (St. Cloud, Minn.) won best overall award for a "Salad Eat Wave" promotion, a beach-themed effort that boosted deli sales by 20 percent. It also won NGA honors for best deli merchandising, one of 13 prize categories. Other categories and winners follow.

•Grocery: Lucky Stores, Oceanside, Calif., for its red, white and blue-themed National Brands Key Buy Savings Event, held each February.

•Meat: Goff Food Stores, Haslett, Mich., for its "country harvest" theme, decorating the meat department as a 4-H country livestock barn.

•Produce: Friedman's, Butler, Penn., for a February Chilean fruit promotion using a 24-foot display case and Dole-supplied fruit.

•Dairy: Tops Friendly Markets, Elmira, N.Y., for an "autumn cheese fest" with antique general store theme and a cheese "munchie monster."

•Bakery: Rosauers Supermarkets #26, Spokane, Wash., for a wedding cake promotion complete with gazebo, wedding cakes, wedding attire and wine.

•Seafood: Brown & Cole Market Place, Ferndale, Wash., for its "Lobster Mania 2" event, with 2,500 live Maine lobsters.

•Frozen Food: Hartville IGA Super Center, Hartville, Ohio, for its "March is Frozen Food Month" promotion.

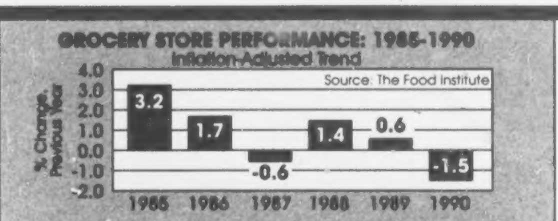
•Nonfood: Stecks IGA, Cody, Wyo., for its "Western Day Roundup," with cart and tracks coming out of a mine replica.

•Single Manufacturer: Pick'N Save, Dekalb, Ill., for a record-breaking root beer float made with 1,000 gallons of root beer and 400 gallons of ice cream in a 12'x3' swimming pool.

•Outside the Store: Pay Less Super Market, Anderson, Ind., for a "Great Pumpkin" party at a landmark theater, to support the theater and promote a new low-calorie dessert.

•Best Theme: Dan's Country Market, Cheyenne, Wyo., for its "Big Top" brands spectacular, drawing attention to circus foods such as popcorn, peanuts, cotton candy and hot dogs.

•Specialty/Ethic Foods: Baker's Supermarket, Omaha, Neb., for a replica of the London Bridge made with 12-packs of soda and surrounded with British merchandise.



Inflation-Adjusted Food Store Sales Decline; Restaurants Flat

Supermarkets and other food stores slipped 1.5 percent in inflation-adjusted dollars in 1990, while restaurants and bars scored a marginal 0.2 percent gain, according to The Food Institute (Fair Lawn, N.J.).

The findings are based on preliminary Census Bureau estimates of $367.5 billion in food store sales, including $345.5 billion spent at grocery stores. While the food store total was up 4.9 percent, prices rose 6.4 percent, for a real decline of 1.5 percent.

The 1990 decline follows three years of listless inflation-adjusted growth—0.5 percent for 1987-1989. Inflation-adjusted growth from 1983-1986, by contrast, was 2.6 percent.

While eating and drinking places have averted an inflation-adjusted decline with 0.2 percent "real" growth for 1990, those flat results contrast sharply with 6.3 percent inflation-adjusted growth as recently as 1987.

Cub Teams with Magazine to Make Seafood Easy

As we noted in the February issue of SB, recipe cards alone won't make seafood a big seller. Cub Foods division of Super Valu Stores, Inc. (Eden Prairie, Minn.) has taken recipe promotions a step further by linking cooking instructions with a magazine column that focuses on convenience.

The program, called Made Simple by *Bon Appetit*—the magazine, that is—was launched on Feb. 13., Ash Wednesday, a day when many Christians eat no meat.

The 13 recipes in the program are garnered from "Too Busy To Cook" columns that appeared in past *Bon Appetit* issues. Cub customers receive one recipe card a week which includes a color photo of the prepared dish, directions and a tear-off subscription form for *Bon Appetit*. The stores also will sample seafood prepared according to the recipes.

"Internally, we've been calling this program the 'Great American Fish Switch' because our goal is to make customers feel so confident about preparing fish that they make it a regular part of their at-home meals," says Roger DeAngelo, Cub's corporate director of meat, seafood and deli.

Food Groups, Others, Push for FTC Guidelines on 'Green' Claims

So far, no manufacturer has boosted sales by declaring that their packaging, or product, rots. But other "green" claims, such as "recyclable" and "compostable," can provide a competitive advantage.

There's a hitch, however. California, New Hampshire, New York and Rhode Island have already adopted different "green" marketing regulations. In Rhode Island, for example, products and packaging aren't "recyclable" until a recycling infrastructure is available to 75 percent of the population.

In a bid for a nationally uniform green marketing standard (and one allowing "green" claims in regions with only a fledgling green infrastructure), the National Food Processors Association (NFPA), the Grocery Industry Committee on Solid Waste (GICSW) and other industry groups urged the Federal Trade Commission (FTC) last month to adopt guidelines.

If adopted, the FTC standard would not have any binding power over state regulations. But the mere existence of FTC guidelines could influence states to follow its definition for "recycled," "recyclable," "compostable," "reusable/refillable," and "source-reduced."

The FTC guidelines might also help take the steam out of state-level restrictions on green marketing. Last November, attorneys general from 10 states called for limits on recycling claims in areas where no current recycling opportunities exist.

Along with NFPA, FMI, NAWGA and NGA, GICSW includes members from the Grocery Manufacturers of America, the American Meat Institute, the Produce Marketing Association and the United Fresh Fruit and Vegetable Association.

Other associations backing NFPA's petition include American Association of Advertising Agencies, American Frozen Food Institute, Association of National Advertisers, Can Manufacturers Institute, Chemical Specialties Manufacturing Association, International Dairy Foods Association and Steel Can Recycling Institute.

Downturn Means Upturn in Coupon Clipping

The U.S. economic downturn is translating to an upturn in coupon clipping, according to a survey commissioned by NCH Promotional Services, a division of NCH (Chicago).

About 890 of 1,000 people surveyed in January said they had changed their shopping behavior; 61 percent of those respondents said they increased their use of cents-off coupons. Half of those identified as primary grocery shoppers also cited an increase in private label products.

Statistics released last month showed that consumers had saved $3.32 billion with cents-off coupons in 1990. That's an increase of 6.4 percent from 1989 coupon-related savings, but flat in inflation-adjusted dollars. NCH statistics also showed that retailers received $567.2 million in coupon handling fees in 1990.

Restaurants an Expendable Luxury—Study

Some 40 percent of consumers who were asked what kinds of spending they'd cut back on when faced with hard times indicated that restaurant dinners would be among the first to go, according to a 1,995-person survey conducted by the Roper Organization. Other expendable luxuries included pleasure travel ([illegible] percent), clothing (26 percent), hobbies (16 percent) and entertaining at home (12 percent).

NABISCO
TYLENOL COLD
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Tender Vittles Gourmet Dinner
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CLOSE-UP
Rice Bran
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ACTIVE SUPPORT
COUNTRY INN
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BRAND POWER

Analysis of 350 product categories shows that the power of big brands has weakened in many categories compared with five years ago.

PREPARED BY
ROBERT DIETRICH

Leading national brands: three little words that once had a reassuring sound to supermarket executives who felt confident that their shelves were stocked with all the products that were exactly what their customers wanted to buy. But exactly how many leading brands does it take to dominate a category? The answer is ... it depends.

A walk down any supermarket aisle confirms how wide the variation can be when it comes to dominance of top brands from category to category. In one category, one powerhouse brand can pretty much carry the whole category, while in another we see a host of labels vying for shopper dominance.

The degree to which such variations exist over a wide range of product categories stocked by supermarkets was first explored by SUPERMARKET BUSINESS in our Third Annual Product Preference Study five years ago (June 1986). That report, using research made available exclusively to SB by Mediamark Research Inc. (MRI) (see page 28), answered questions about brand dominance, quickly, in a unique visual format designed to be useful to buyers/merchandisers, store managers, store planners and other supermarket executives. For example:

- What percentage of total volumetric sales is claimed for a specific product category by the #1, the #2 and the #3 brands, and by the three brands cumulatively?
- Given a specific sales goal (say to meet half of demand, two-thirds of demand, or three-quarters of demand), how many brands—counting from #1 on down—must be authorized and stocked to fulfill that goal?

The report was a still picture taken at that time. Since then, as readers of SB are aware, various waves have swept through the trade that could have had an impact on consumers, manu-

Over the past five years, coverage by the top three brands decreased in twice as many categories as the number of categories in which it increased. And many of the decreases were more than marginal.

facturers and retailers vis-à-vis their attitudes to brands in various product categories. New product introductions have skyrocketed in the period since the first SB study, and show no signs of abating. Far from it. According to a recent report by Marketing Intelligence Services of Naples, N.Y., a new record of 15,879 new grocery and drugstore products were introduced in 1990, up 18.9 percent over 1989. What's a perennially shelf space-short buyer to do (besides raise slotting allowances)?

For a start, we believe it would be valuable to examine the brand authorization problem in the light of five-year trends:

•In which product categories is brand concentration increasing—meaning that the top three brands are claiming an even larger percentage of sales than five years ago? Or, stated in reverse, in which categories is the number of brands needed to meet a specific percent-of-sales goal becoming smaller? Where are there fewer brands, fewer slots, more space for the big sellers, and perhaps more room for really promising newcomers?

•And for which product categories is brand concentration decreasing—meaning that the share claimed by the top three brands has diminished, as consumer interest is diffused over a wider range of runners-up (which can also include a growth in interest in store brands for a specific product category)? The answer to this question implies, of course, that even more brands are needed than five years ago to meet a specific percentage share goal.

As the chart below (bottom right) demonstrates, for 30.0 percent of categories time stood still and there was no change. As for the balance, twice as many (47.0 percent) saw top-three coverage decrease as saw it increase (23.0 percent). And many of the decreases were more than marginal, with half of them exceeding 15 percent.

Some of the prominent product categories in which brand concentration slipped most include spaghetti sauce, household cleaners and frozen desserts. On the other hand, substantial gain in top-three clout over the five years could be found in products ranging from denture adhesive and men's hair sprays to stuffing mixes and canned ham.

To provide an easy comparison of the number of brands that might be in demand in a particular product category, the tables show the number needed for each category to meet a 75 percent share, today, and five years ago. As the table (bottom left) shows, almost a quarter of categories demand 10 or more brands, while one in five need only one or two, with a median number of brands set at five. The dynamics of the changes over the five-year period suggest the constant need for re-evaluating the brand-authorization policies on a category-by-category basis.

The sensitivity of brand performance to outside influences could grow even greater in the near future, as strapped consumers reconsider their options. Will they make more private label or green line purchases? Will they have greater alertness to opportunities to buy established favorite brands with manufacturers' coupons or while on store special?

Whatever, this report proves that brand concentration has undergone some significant changes in recent times, awareness of which can help supermarket executives to maximize their space and merchandising resources.

Two Ends of the Brand Concentration Spectrum

(% of Sales by #I Brand)

Ten Product Categories With Very High Concentration		Ten Product Categories With Very Low Concentration	
1. Stews, Canned	91.9	1. Deodorant, Women's	7.3
2. Energy Drinks	88.8	2. Shampoo, Women's	7.8
3. Hard Roll Candy	85.2	3. Cigarettes	8.2
4. Disposable Lighters	85.1	4. Cold/Sinus Remedies	8.3
5. Instant Breakfast	82.8	5. Bottled Water	9.0
6. Cream Cheese	81.7	6. Bread	9.5
7. Baby Shampoo	9.2	7. Candy, Ind., Reg.-Size	9.9
8. Oven Cooking Bags	78.7	8. Household Cleaners	10.5
9. Infant Cereal	77.7	9. Hair Conditioners, Men's	11.1
10. Toaster Products	76.5	10. Perfume/Cologne	11.1

Five-Year Trend in Brand Concentration

(Change in % of Sales by Top Three Brands)

Large Increases in Concentration		Large Decreases in Concentration	
Prepared Mixes, With Liquor	+87%	Dry Soup Mixes	-47%
Children's Cold Tablets/Liquids	+85	Breakfast/Snack/Nutritional Bars	-45
Detergent/Soap, Reg. Laundry	+52	Spaghetti Sauce	-44
Denture Adhesive	+45	Hair Mousse, Women's	-43
Motor Oil Additives	+44	Orange Juice, Not Frozen	-38
Vitamins, Children's	+37	Desserts, Frozen	-38
Bath/Shower Additives,Women's	+37	Orange Juice, Frozen	-38
Ham, Canned	+30	Baking Mixes	-37
Pressed Powder, Women's	+29	Household Cleaners	-36
Shaving Creams, Men's	+25	Chicken, Breaded, Frozen	-34
Hair Spray, Men's	+24	Disposable Diapers	-34
Extracts	+24	Rice, Flavored/Seasoned	-32

Number of Brands Required to Meet 75%-of-Sales Goal

(% of Product Categories)

One Brand	4.1%
Two	14.3
Three	14.0
Four	10.2
Five	9.9
Six	6.8
Seven	7.2
Eight	4.1
Nine	5.1
Ten	5.1
11-15	11.6
16-20	4.4
Over 20	3.1
TOTAL	**100.0%**

Change in Number of Brands Needed to Meet 75%-of-Sales Goal

(Today vs. Five Years Ago)

More Brands Today	
3 or more	14.9%
1 or 2	26.4
	(41.3%)
No Change	(31.0%)
Few Brands Today	
1 or 2	20.2%
3 or more	7.5
	(27.7%)
TOTAL	**100.0%**

Change in Sales Coverage of Top Three Brands

(Today vs. Five Years Ago)

Coverage Decreased	
20% or more	13.6%
15 to 19.9%	10.4
10 to 14.9%	10.1
5 to 9.9%	12.9
TOTAL	**(47.0%)**
No Change in Coverage	**(30.0%)**
Coverage Increased	
5 to 9.9%	9.4%
10 to 14.9%	4.5
15 to 19.9%	2.1
20% or more	7.0
	(23.0%)
TOTAL	**100.0%**

How to Read the Tables

The demographic base for a particular product category is the one that is responsible for making most of the purchases of that category. For most food categories, the base is FEMALE HOMEMAKERS. Other groups that are found in this report are ADULTS (for categories used by both sexes, including tobacco, soft drinks, wine and non-sex-specific HBA) and MEN and WOMEN, matched to their appropriate HBA product usage.

Compared to five years ago, the degree of brand concentration (indicated by sales share of the top three brands) may have increased, decreased or remained static. Here, for the first time, that comparison is empirically made through the use of historic Mediamark data. In the case of canned cat food, the concentration has dropped from a 64.9% top-three-brand cumulative share to only 49.6%.

How many brands are "enough" for a warehouse or store to stock? Here that question is answered in relation to various degrees of "enough" left to the discretion of the reader. The number of brands (counting down from the largest, of course) that must be stocked to cover 50% of volumetric sales, 67% of sales and 75% of sales are all shown. Deciding, for example, to carry the brands that account for 75% of sales would mean carrying six brands of canned cat food, only three brands of moist cat food, but 14 brands of dry cat food. (A further complicating factor, of course, is the number of items—flavors, sizes or other variations—within a brand.)

The number of brands needed to satisfy, say, a 75%-of-sales goal has changed for many product categories over the past five years. As brand concentration decreases (less clout by the top brands) more brands must be authorized to attain a set sales goal. In the case of canned cat food, that means that the five brands that were sufficient to cover 75% of demand five years ago must now be increased to six. Among pet products there is no category where fewer brands will suffice today than sufficed five years ago. Most categories demand even more brands. Such movement is often a reflection of ongoing and dynamic new product introduction activity.

PET PRODUCTS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) ■ #1 ■ #2 ■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Cat Food, Canned	18.1 17.6 13.9	49.6	64.9	-23.6	4	5	6	5	+1	◔
Cat Food, Dry	13.0 12.6 8.2	33.8	44.3	-23.3	6	10	14	10	+4	○
Cat Food, Moist	45.6 19.9 13.6	79.1	80.4	-1.6	2	3	3	3	0	◕
Dog Food, Canned	20.2 18.1 11.1	49.4	59.1	-16.4	4	7	8	5	+3	◔
Dog Food, Dry	12.7 6.0 5.0	23.7	30.2	-21.5	12	—	—	—	—	○
Dog Food, Moist	24.6 21.8 13.8	60.2	71.3	-15.6	3	4	5	—	—	◑
Cat Litter	19.5 15.6 12.5	47.6	48.4	-1.7	4	6	—	—	—	◔
Dog Biscuits/Treats	26.5 12.1 9.4	48.0	54.2	-11.4	4	7	9	6	+3	◔
Flea/Tick Care Products	28.8 26.5 8.2	63.5	78.1	-18.7	2	4	5	3	+2	◑
Cat Treats	38.1 22.6 19.6	80.3	—	—	2	3	3	—	—	◕
AVERAGE	24.7 17.3 11.5	53.5								

Participants in the Mediamark survey who used the products in a particular category over a set period (usually the previous six months) are asked to indicate the quantities of the product they used—by brand. Special MRI computer programs then use these data to "weight" brand share by volume, thus yielding each brand's percent contribution to total category sales volume. As shown here the respective sales shares of the three leading brands of canned cat food are: 18.1%, 17.6% and 13.9%, for a cumulative three-brand share of 49.6%. Within a certain section, the three-brand share can vary a great deal. In pet foods, for example, it ranges from a low of 23.7% for dry dog food to a high of 80.3% for cat treats.

Shown symbolically here is each category's brand concentration relative to the almost 350 categories shown in this report. The share of sales accounted for by the top three brands has been arrayed from highest to lowest and then divided into quintiles as follows (see legend at bottom of each chart page):

• Far Above Average	Above 81%
• Above Average	65.1 to 80.9%
• Average	51.6 to 65.0%
• Below Average	38.1 to 51.5%
• Far Below Average	Under 38.1%

Note: Median brand concentration is 58.3%.

While decisions must be based on individual product categories (such as canned dog food) rather than on section averages (such as pet products), averages are shown to facilitate inter-department comparisons. The master chart on page 32 ranks all 36 categories according to the degree of penetration achieved by the three leading brands.

Too Many Brands in One Category? Too Few in Another? How This Report Can Help You Make Decisions

"Everybody wants to get onto the shelf." That alteration of a Jimmy Durante signature line is the brand authorization problem as seen from the buyer's side of the desk.

Well, just how many brands do belong on the shelf for a given product category? According to what standard? And is that number greater or smaller than it was a few years ago? Buyers severely limit brand authorizations for particular product categories for many good reasons.

Excess brands waste time in ordering and restocking, and waste money in the form of underutilized inventory dollars. Just as serious, of course, is freezing out a brand whose presence is integral to attaining a targeted percent of total sales. Even in categories with high concentration, the addition of Brand #4 or #5 may be necessary to raise the brand mix to a level where it satisfies the target sales goal.

To put your brand mix into perspective, here are a few points to keep in mind while reading this report:

•Don't take the leading brands in high-concentration categories for granted. Yes, these big guns are long-term leaders, but they still need constant nurturing to perform at full speed. Start by making sure they're given a generous amount of shelf space, precluding those out-of-stock holes in the shelf that shoppers abhor—and that you should, too. And be especially alert to notices of these brands' future appearances in coupon promotions, so that you order up and avoid disappointing coupon-clutching customers.

•For categories where brand concentration has eroded over the past five years, consider opening the door for some former freeze-outs. For 41.3 percent of all product categories for which five-year comparisons are available, the number of brands needed to meet a 75 percent-of-sales goal has grown over the past five years.

But perhaps your brand offerings haven't always expanded in tandem. Some of the follow-the-leader brands have been carving out their own franchises among consumers, so maybe it's time to show them some respect. Make some space on the shelf for them at the expense of the shrinking leaders.

•How do house brands fit in with the brand concentration trends shown in this report? Because of the wide variation in penetration of private label and generics due to variations in their strength from company to company and region to region, they're omitted from this report. (Mediamark does report private label and generic sales for subscribers to its reports, however.)

There are, however, some indications of private label activity that can be assumed from this report. For categories where no #3 brand is reported, the remainder of the sales pie is probably divided among private label and small local brands.

Another indicator is when the column showing the number of brands necessary to fulfill a 75 percent-of-sales goal is blank. This suggests that the sales of the national brands reported by Mediamark add up to less than 75 percent, with the remaining 25 percent or more allocated to private label, generic and small local brands.

Where this report shows either an increase or decrease in brand concentration for a particular category, no doubt your in-house reports will be able to relate this to a change (in either direction) in your store brands.

The Mediamark Database All About Brands—And Much More

Subscribers to Mediamark Research Inc.'s (MRI) database value the currency of the data as an aid to making decisions. What are consumers buying now? How much? Which brands? And how does that relate to their media habits of the moment—what they read, watch and listen to?

More than 700 companies subscribe annually to Mediamark's syndicated reports. They use the data primarily to support the placement of advertising through target marketing, for user profiles, and for geodemographic and lifestyle analyses.

As Mediamark progresses into its second decade, there is also value to be found in the historical, as well as the current, perspective its resources can provide, with its vast store of comparable, nationally projectable data amassed from hundreds of thousands of respondents over many years.

MRI derives its data from annual national probability surveys of 20,000 individuals who participate in both personal and self-administered surveys that cover demographics, product usage and media exposure of all persons 18 and over.

Statistics are compiled on 3,500 product categories and services, and on 5,700 individual brands. Basic product usage and media data are published annually in 20 volumes, but many subscribers prefer to tap into the base directly through MRI's PC-based MEMRI system or through on-line access.

Mediamark also offers several customized services that are especially useful in today's marketing environment:

•**Ten Mediamark Reports.** Consumer habits in markets that include New York and Los Angeles are broken out.

•**Business-to-Business Report.** Business purchasers are identified, as well as what they spend the company's money on and how much. Advertising, equipment and supplies and travel are among the purchases covered.

•**The Upper Deck Report.** This tracks how the influential richest 10 percent of American households spends its money.

In addition to syndicated services, Mediamark also has a custom division that conducts research services for a wide variety of clients. For information, contact Mediamark Research Inc., 708 Third Avenue, New York, N.Y. 10017, or call (212) 599-0444.

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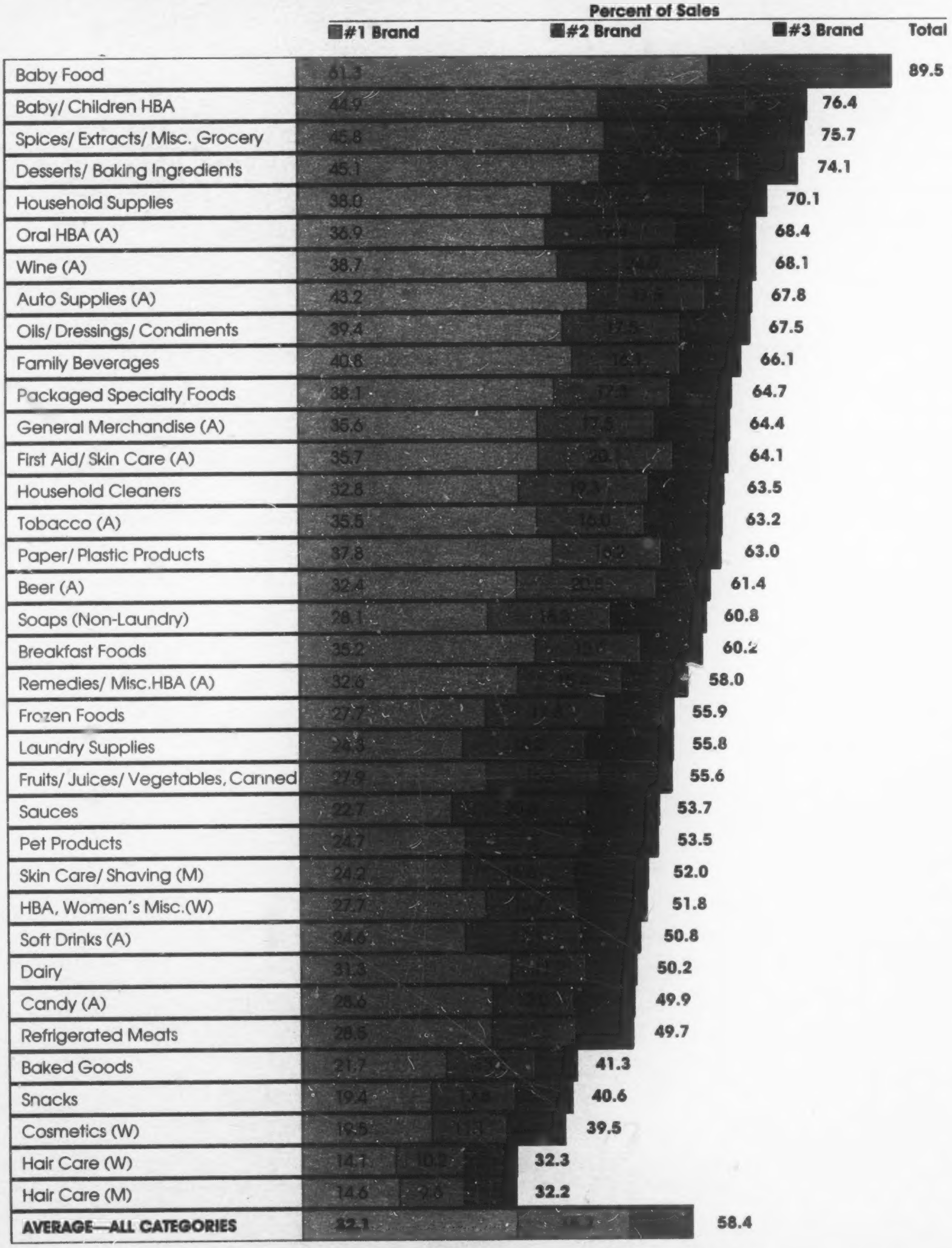
BRAND SHARE BY CATEGORY

Ranking of Brand Concentration for 36 Major Product Classes



Base Groups: (A) Adults; (M) Men; (W) Women. All others are based on Female Homemakers.

BRAND SHARE BY CATEGORY

Product Index

A
Adhesive Bandages 58
Aftershave Lotion/Cologne 104
Air Freshener Sprays/Room Deodorizers 49
Ale 44
Aluminum Foil 49
American, Pasteurized/Processed Cheese 52
Anti-Freeze/Coolant 54
Antiperspirant/Deodorant, Men's 105
Antiperspirant/Deodorant, Women's 59
Artificial Sweeteners 36
Asthma Relief Remedies 104
Athlete's Food Remedies 58
AUTO SUPPLIES 54
Auto Wax/Polish 54
Automatic Dishwashing Detergent 50

B
Baby Bath, Liquid 57
BABY FOODS 34
Baby Lotion 57
Baby Oil 57
Baby Ointments 57
Baby Powder 57
Baby Shampoo 57
BABY/CHILDREN'S HBA 57
Bacon/Breakfast Strips 41
BAKED GOODS 34
Baking Chips 36
Baking Chocolate, Bar 36
Baking Coconut 36
Baking Mixes 36
Barbecue/Seasoning/Misc. Sauces, Bottled 41
Bath/Shower Additives 59
Batteries 57
Beans, Prepared in a Sauce 36
BEER 44
Beer, Imported 44
Beer, Low-Calorie, Domestic 44
Beer, Reg. Domestic 44
Bleach 49
Blusher 57
Body Powder 58
Body Sprays, Deodorants/Colognes 59
Body/Hand Cream/Lotion/Oil, Men's 105
Body/Hand Cream/Lotion/Oil, Women's 59
Boxed Chocolates 36
Bread 34
Bread Crumbs/Coating Mixes 34
Bread Products 54
BREAKFAST FOODS 34
Breakfast Cereals, Cold 34
Breakfast Cereals, Hot 34
Breakfast, Frozen 54
Breakfast/Snack/Nutritional Bars 34
Brownie/Cookie Mix 36
Butter 52

C
Cake Mixes, Dry 38
CANDY 36
Candy, Individual, Big Block/Thick Bar 36
Candy, Individual, Regular Size 36
Candy, Miniature, Packaged 36
Candy, Prepack., Loose 36
Canker Sore/Gum/Toothache Remedies 104
CANNED FRUITS/JUICES/VEGETABLES 36
Carpet/Rug Cleaners 46
Cat Food, Canned 50
Cat Food, Dry 50
Cat Food, Moist 50
Cat Litter 50
Cat Treats 50
Catsup 38
Charcoal 46
Cheese Spread 52
Cheese, Natural or Imported 52
Chewing & Smokeless Tobacco 52
Chewing Gum 36
Chicken, Breaded 52
Chicken, Canned 38
Chicken/Turkey, Fresh/Frozen 41
Children's Cold Tablets/Liquids 57
Children's Cough Syrup 57
Children's Fever/Pain Relievers 57
Chili, Canned 38
Cigarette Rolling Paper 52
Cigarettes 52
Cigars 52
Cleaning Wipes, Moistened 50
Cocoa Powder 44
Coffee, Ground 42
Coffee, Instant/Freeze Dried 42
Coffee, Instant, Int'l Flav. 44
Cola Drinks, Diet 44
Cola Drinks, Reg., Non-Diet 44
Cold Cuts 41
Cold/Sinus/Allergy Remedies 104
Complexion Care Products, Cosmetics 57
Complexion Care Products, Men's 105
Contact Lens Cleaning Solutions 105
Cookies, Ready-to-Eat 34
Corn on the Cob 54
Corn/Tortilla Chips & Cheese Snacks 42
Corn/Wart Removers 58
Cornish Hens 41
COSMETICS 57
Cotton Swabs 58
Cough Drops 36
Cough Syrup 104
Crackers 34
Cream Cheese 52
Cream Substitute, Non-Dairy 42
Cups, Disposable 49

D
DAIRY 52
Dental Floss 104
Dental Rinse 104
Denture Adhesives/Fixatives 104
Denture Cleaners 104
Deodorants *see Antiperspirants*
Depilatories 59
DESSERTS/BAKING INGREDIENTS 36
Desserts, Frozen 52
Detergent/Soap, Fine Fabrics 49
Detergent/Soap, Regular Laundry 49
Deviled Ham/Other Meat Products 38
Diapers, Disposable 49
Diarrhea Remedies 104
Diet Pills 104
Dinners 54
Dips, Ready-to-Serve 52
Dishwashing Detergent, Liquid 50
Disposable Lighters 52
Disposable Razors 105
Dog Biscuits/Treats 50
Dog Food, Canned 50
Dog Food, Dry 50
Dog Food, Moist 50
Dough Products., Refrigerated (incl. frozen) 52
Drain Cleaners 46
Drink Additives (Add Milk or Water) 42
DRY GROCERY–NONFOOD 46
DRY GROCERY–FOOD 34

E
Energy Drinks 42
English Muffins 34
Evaporated Milk 38
Extracts 42
Eye Drops/Eye Wash 104
Eye Liner 58
Eye Shadow 58

F
Fabric Softener 49
Face Creams/Lotions 58
Face Powder, Loose 57
Facial Cleansers, Men's 105
Facial Cleansers, Women's 58
Facial Tissue 49
Facial Toners, Men's 105
Facial Toners, Women's 57
FAMILY BEVERAGES 42
Feminine Hygiene Deodorant Sprays 59
Feminine Hygiene Douches/Suppositories 59
Film 57
FIRST AID/SKIN CARE 58
Fish/Seafood 54
Flea/Tick Care Products 50
Floor/Wax Polish 46
Flour 38
Foundation Makeup 58
Frankfurters/Wieners 41
French Toast/Pancakes 54
Frosting/Frosting Mixes 38
FROZEN FOODS 52
Fruit Juices/Drinks, Misc. 36
Fruit, Canned/Jarred 36
Furniture Polish 46

G
Gasoline Additives 54
Gelatin/Gelatin Desserts 38
GENERAL MERCHANDISE 54
Glass Cleaners 46
Grapefruit Juice 36
Grated Cheese 52
Gravy/Sauce Mixes 41
Groin Irritation Remedies 58

H
HAIR CARE, MEN'S 58
HAIR CARE, WOMEN'S 59
Hair Coloring, Men's 58
Hair Coloring, Women's 59
Hair Conditioners, Men's 58
Hair Conditioners, Women's 59
Hair Conditioning Treatments, Men's 59
Hair Conditioning Treatments, Women's 59
Hair Mousse, Men's 59
Hair Mousse, Women's 59
Hair Sprays, Men's 59
Hair Sprays, Women's 59
Hair Styling Gels/Lotions 59
Hair Tonic/Dressing 58
Ham, Canned 41
Hand Cleaners, Heavy Duty 50
Hard Roll Candy 36
Hash, Canned 41
Headache Remedies/Pain Relievers 104
HEALTH & BEAUTY AIDS 57
Hemorrhoid Remedies 104
Home Permanents 59
Honey 34
Hot Snacks 54
HOUSEHOLD CLEANERS 46
HOUSEHOLD SUPPLIES 46
Household Wipes, Disposable 49

I
Ice Cream Novelties 54
Ice Cream/Sherbert/Ice Milk 54
Iced Fruit Tea, Instant 44
Iced Tea Mix, Instant 42
Indigestion/Upset Stomach Remedies 104
Infant Cereal 34
Infant Formulas/Prepared 34
Insect Repellent 49
Insecticide, Indoor 49
Insecticide, Outdoor 49
Instant Breakfast 34

J
Jams/Jellies 34

L
LAUNDRY SUPPLIES 49
Laundry Pre-Treatments/Cleaners 49
Laxatives 105
Light Bulbs 49
Lip Balm 58
Lipstick/Lip Gloss 58
Liver Sausage/Liverwurst 41

M
Main Courses/Entrées 54
Malt Liquor 44
Margarine 52
Mascara 58
Mayonnaise/Mayo-Type Dressings 38
Meat/Fish Extenders 42
Medicated Skin Ointment, Men's 105
Medicated Skin Ointment, Women's 59
Metal Polish 46
Mexican Foods 41
Milk, Dry 42
Mints 36
Motor Oil & Additives 54
Mouthwash 104
Mushrooms, Canned/Jarred 36
Mustard 38

N
Nail Polish 58
Nail Polish Remover 58
Nasal Sprays 105
Nonstick Cooking Products, Aerosol 42
Nuts 42

O
Oil, Salad or Cooking 38
OILS/DRESSINGS/CONDIMENTS 38
ORAL HBA 104
Orange Juice, Frozen 54
Orange, Not Frozen 52
Oven Cleaners 46
Oven Cooking Bags 49

P
PACKAGED SPECIALTY FOODS 38
Pain Relieving Rubs/Liquids 105
Pancake/Waffle Mix 34
Pantyhose/Stockings 57
Paper Napkins 49
Paper Towels 49
PAPER/PLASTIC PRODUCTS 49
Pasta, Canned/Jarred 41
Pasta, Packaged 41
Peanut Butter 34
Perfume/Cologne 58
PET PRODUCTS 50
Pickle Relish 38
Pickles 38
Pizza, Frozen 54
Pizza Mix 38
Plant Food, Indoor 57
Plastic Garbage Bags/Can Liners 50
Plastic Kitchen Wrap 49
Plastic Sandwich/Food. Storage/Freezer Bags 50
Plates, Disposable 49
Popcorn Snacks/Popping Corn 42
Pork Sausage 41
Potato Chips 42
Potato Products 54
Potatoes, Instant 41
Powdered Fruit/Soft Drinks 44
Pre-Electric Shave Lotion 105
Pregnancy Test, In-Home 105
Premenstrual or Period Pain Remedies 59
Prep. Dishes, Dinner Mixes, Packaged 41
Prepared Mixed Drinks, With Liquor 46
Prepared Mixed Drinks, Without Liquor 46
Pressed Powder 58
Pretzels 42
Puddings/Pie Fillings 38

R
Razor Blades, Men's 105
Razor Blades, Women's 59
Razors, Disposable, Men's 105
Razors, Disposable, Women's 59
REFRIGERATED MEATS 41
REMEDIES/MISC. HBA 104
Rice 41
Rice, Flavored/Seasoned 41
Rubber Gloves 49

S
Salad Dressings 38
Salad Toppings 38
Salt 42
Salt Substitute 42
Sanitary Napkins 104
SAUCES 41
Scouring Cleansers 46
Scouring Pads 46
Seasonings/Spices 42
Shampoo, Men's 59
Shampoo, Women's 59
Shaving Cream/Gels, Men's 105
Shaving Creams/Gels, Women's 104
Shortening 38
SKIN CARE/SHAVING, MEN'S 105
Sleeping Tablets 105
Snack Cakes 34
SNACKS 42
Snacks (Fruit/Juice Bars) 54
Soap, Baby's 57
Soap, Personal Care, Bar & Liquid, Men's 105
Soap, Personal Care, Bar & Liquid, Women's 104
SOAPS, NON-LAUNDRY 50
SOFT DRINKS 44
Soft Drinks, Diet (Non-Cola) 44
Soft Drinks, Regular (Non-Cola) 44
Soup, Canned 41
Soup, Dry/Bouillon Cubes 41
Sour Cream 52
Soy Sauce 41
Spaghetti Sauce 42
SPICES/EXTRACTS/MISC. GROCERY 42
Starch 49
Stews, Canned 41
Stuffing Mixes/Products 34
Sugar 38
Sunburn Remedies 58
Sunscreen/Suntan Products 58
Sweet Rolls/Pastries, Ready-to-Eat 34

T
Table Syrup/Molasses 34
Tampons 104
Tape, Transparent 46
Tea, Instant 44
Tea, Regular 44
Teething Remedies 57
Throat Remedies, Medicated 105
Toaster Products 34
TOBACCO 52
Toilet Bowl Cleaners, In-Bowl 46
Toilet Bowl Cleaners, In-Tank 46
Toilet Paper 50
Tomato/Vegetable Juices 36
Tomatoes, Canned 36
Tooth Polish 104
Toothbrushes 104
Toothpaste 104
Tuna, Canned 41

V
Vegetables, Canned/Jarred 36
Vegetables, Plain 54
Vegetables, Prepared 54
Vermouth 46
Video Tapes, Purchase 57
Vinegar 38
Vitamin Tablets/Capsules/Liquids 105
Vitamins, Children's 57

W
Waffles 54
Water Conditioners 49
Water, Bottled 44
Waxed Paper 50
Whipped Topping 38
WINE 44
Wine, Aperitif, Specialty 46
Wine, Dessert/Port/Sherry 46
Wine, Domestic Dinner/Table 44
Wine, Imported Dinner/Table 44
Wine, Party/Pop/Sangria 46
Wine, Sparkling/Cold Duck/Champagne 46
Wine/Spirits Coolers 44
WOMEN'S HBA, MISC. 59

Y
Yeast 38
Yogurt 52
Yogurt, Frozen 54

BRAND SHARE BY CATEGORY

DRY GROCERY—FOOD

BABY FOODS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Baby Foods	73.3	17.3	6.4	97.0	90.6	+7.1	1	1	2	3	-1	●
Infant Cereal	77.7	12.7		90.4	98.4	-8.1	1	1	1	2	-1	●
Infant Formulas/Prepared	32.9	31.4	16.7	81.0	79.2	+2.2	2	3	3	3	0	●
AVERAGE	61.3	20.5	7.7	89.5								

As they did five years ago, baby foods lead all other product classes in the percent of sales coverage achieved by the top three brands (89.5%). While the #1 brands dominate both baby foods and infant cereals, the runner-up brands make a strong showing in infant formulas.

BAKED GOODS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Bread	9.5	4.4	3.9	17.8	19.3	-7.8	17	35	—	—	—	○
Bread Crumbs/Coating Mixes	20.5	14.1	8.1	42.7	41.9	+1.9	5	7	9	10	-1	◔
Cookies, Ready-to-Eat	14.0	10.9	5.9	30.8	36.6	-15.8	8	14	19	12	+7	○
Crackers	12.0	7.4	7.1	26.5	32.5	-18.5	8	13	18	13	+5	○
English Muffins	45.1	9.5	6.2	60.8	57.3	+6.1	2	5	—	—	—	◑
Snack Cakes	44.8	27.2	8.7	80.7	80.3	+0.1	2	2	3	3	0	◕
Stuffing Mixes/Products	48.1	11.4	7.6	67.1	54.8	+22.4	2	3	5	9	-4	◕
Sweet Rolls/Pastries, Ready-to-Eat	28.0	20.8	3.7	52.5	—	—	3	—	—	—	—	◑
AVERAGE	21.7	13.2	6.4	41.3								

For the dominant members of baked goods, categories such as bread, cookies and crackers, the motto for space allocation might well be the more the merrier. To meet even the 50%-of-sales goal for bread, 17 brands are needed and the number rises to 35 to achieve a 67% goal. (Store labels, which are not counted individually in this study, help to diffuse brand concentration further.) As new items have continued to roll out for both cookies and crackers over the past five years, brand concentration has weakened significantly. Exceptions are English muffins, snack cakes and stuffing mixes, all of which have dominant #1 brands that account for almost half of sales.

BREAKFAST FOODS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Breakfast Cereals, Cold	9.4	8.1	4.4	21.9	22.9	-4.4	16	40	—	27	—	○
Breakfast Cereals, Hot	19.2	18.2	12.3	49.7	55.2	-10.0	4	6	7	7	0	◔
Breakfast/Snack/Nutritional Bars	12.2	11.7	10.0	33.9	61.8	-45.1	5	7	9	5	+4	○
Toaster Products	76.5	8.9	3.5	88.9	83.0	+7.1	1	1	1	2	-1	●
Table Syrup/Molasses	18.1	17.5	15.0	50.6	51.9	-2.5	3	6	8	7	1	◔
Pancake/Waffle Mix	32.8	28.4	9.9	71.1	67.4	+5.4	2	3	4	4	0	◕
Honey	44.4	13.0	4.3	61.7	56.6	+9.0	2	—	—	—	—	◑
Jams/Jellies	26.9	21.4	12.7	61.0	57.0	+7.0	3	6	—	—	—	◑
Peanut Butter	29.4	23.2	22.0	74.6	73.7	+1.2	2	3	4	4	0	◕
Instant Breakfast	82.8	5.9		88.7	—	—	1	1	1	—	—	●
AVERAGE	35.2	15.6	9.4	60.2								

As those charged with space allocation for breakfast foods will readily acknowledge, one of their most challenging assignments is cold breakfast cereals. Just to meet 67% of demand, 40 different brands must be given their due. And with the never-ending parade of new products marching into this section, the names of those top 40 keep changing.

One of the most stable product categories over the past five years has been peanut butter, with 74.6% of demand met by the top three brands, all of which have shares in the twenties. The product categories most dominated by a single brand are toaster products (76.5%) and instant breakfasts (82.8%), making it difficult for challengers to wedge their way into these sections.

THE FIVE QUINTILES:
- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◑ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

CANDY (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	▨ #1	▨ #2	■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Candy, Individual, Regular Size	9.9	8.0	6.2	24.1	26.4	-8.7	9	18	25	18	+7	○
Candy, Individual, Big Block/Thick Bar	17.1	11.4	9.5	38.0	—	—	5	8	9	—	—	○
Candy, Miniature, Packaged	10.9	10.6	10.0	31.5	27.1	+16.2	6	11	13	14	-1	○
Candy, Prepack.,Loose	20.3	13.3	11.6	45.2	48.4	-6.6	4	7	9	9	0	◔
Chewing Gum	12.4	10.2	9.9	32.5	37.5	-13.3	5	8	10	9	+1	○
Cough Drops	59.2	8.1	5.3	72.6	72.1	+0.7	1	2	4	4	0	◕
Hard Roll Candy	85.2	6.7	3.0	94.9	96.6	-1.8	1	1	1	1	0	●
Mints	18.8	16.8	15.5	51.1	54.9	-6.9	3	5	5	5	0	◔
Boxed Chocolates	23.5	23.0	12.6	59.1	—	—	3	4	6	—	—	◑
AVERAGE	28.6	12.0	9.3	49.9								

"Candy, Individual, Regular-Size" is a formal definition for those treats that are found near the checkout counter, of which almost everyone has a particular favorite. No substitutions, please. As a result, 25 different brands must be stocked to meet 75% of demand, up substantially from only 18 five years ago. Patronage is also spread widely among chewing gum brands, with 10 brands needed to meet 75% of demand.

The situation is quite the opposite for hard roll candy, where only one brand satisfies an impressive 85.2% of demand, a pre-eminence virtually unchanged over many years.

CANNED FRUITS/ JUICES/VEGETABLES (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	▨ #1	▨ #2	■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Beans, Prepared in a Sauce	25.7	16.2	9.7	51.6	71.4	-27.7	3	5	7	4	+3	◑
Fruit, Canned/Jarred	30.7	13.2	9.5	53.4	59.7	-10.6	3	5	10	7	+3	◑
Fruit Juices/Drinks, Misc.	9.9	8.0	7.9	25.8	27.3	-5.5	8	15	20	19	+1	○
Grapefruit Juice	19.1	18.8	13.2	51.1	48.1	+6.2	3	5	—	—	—	◔
Mushrooms, Canned/Jarred	26.5	20.2	16.2	62.9	58.9	+6.8	3	5	—	—	—	◑
Tomatoes, Canned	31.1	18.8	18.5	68.4	69.1	-1.0	3	3	—	—	—	◕
Tomato/Vegetable Juices	54.9	18.8	6.6	80.3	70.5	+13.9	1	2	3	4	-1	◕
Vegetables, Canned/Jarred	25.6	18.4	7.0	51.0	51.8	-1.5	3	8	14	17	-3	◔
AVERAGE	27.9	16.6	11.1	55.6								

Few #1 brands show outstanding leadership positions here, as national brands battle it out with both each other and traditionally strong store brands. The exception to this rule is tomato and vegetable juices, where #1 accounts for 54.9% of sales volume, and concentration has grown over the past five years. Many of these categories are strongly promoted by both store advertising and instore displays week in and week out, challenging the brand loyalty of price-conscious consumers.

DESSERTS/BAKING INGREDIENTS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	▨ #1	▨ #2	■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Artificial Sweeteners	53.4	32.5	6.1	92.0	88.7	+3.7	1	2	2	2	0	●
Baking Chips	49.1	17.8	11.5	78.4	85.6	-8.5	2	3	3	2	+1	◕
Baking Chocolate, Bar	41.9	29.2	12.8	83.9	90.3	-7.1	2	2	3	2	+1	●
Baking Coconut	75.8	7.8		83.6	86.4	-3.3	1	1	1	1	0	●
Baking Mixes	23.2	11.3	8.6	43.1	68.9	-37.5	4	8	10	4	+6	◔
Brownie/Cookie Mix	33.5	24.4	13.6	71.5	62.7	+14.0	2	3	4	5	-1	◕

Of the 17 product categories included here, most show a pattern of a few favorite brands dominating sales. In fact, for seven of these categories only one or two brands are needed to satisfy 75% of demand, simplifying space allocation. Two classic categories where the name of the #1 brand is virtually synonymous with the category itself are shortening and baking coconut. Many consumers go through life virtually unaware that competing brands even exist.

THE FIVE QUINTILES:
● Far above average—Above 81%
◕ Above average—65.1 to 80.9%
◑ Average—51.6 to 65%
◔ Below average—38.1 to 51.5%
○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

DESSERTS/BAKING INGREDIENTS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Cake Mixes, Dry	27.5	21.9	15.8	65.2	78.1	**-16.5**	3	4	5	3	+2	◕
Evaporated Milk	39.1	17.4	15.4	71.9	67.0	**+7.3**	2	3	4	—	—	◕
Flour	43.5	22.7	8.3	74.5	73.3	**+1.6**	2	3	4	4	0	◕
Frosting/Frosting Mixes	26.6	19.8	12.9	59.3	65.9	**-10.0**	3	4	5	5	0	◑
Gelatin/Gelatin Desserts	57.2	24.4	7.5	89.1	91.0	**-2.1**	1	2	2	2	0	●
Pizza Mix	56.9	22.7	7.9	87.5	72.5	**+20.7**	1	2	2	4	-2	●
Puddings/Pie Fillings	32.8	13.8	11.7	58.3	76.4	**-33.7**	3	5	7	3	+4	◑
Shortening	61.5	14.3	3.5	79.3	81.9	**-3.2**	1	2	2	1	+1	◕
Sugar	25.5	16.3	5.9	47.7	50.9	**-6.3**	4	—	—	—	—	◔
Whipped Topping	45.3	23.6	8.4	77.3	69.4	**+11.4**	2	2	3	4	-1	◕
Yeast	74.0	23.6		97.6	—	—	1	1	2	2	0	●
AVERAGE	45.1	20.2	8.8	74.1								

Gelatin desserts have only slightly more diffusion, with a strong #2 brand (24.4%) following on the heels of #1 (57.2%).

A category that has become significantly less focused on the leaders over the past five years is baking mixes, where share of the top three brands has fallen severely from 68.9% to 43.1%, eroded no doubt with the help of avalanches of new product introductions, including those aimed at microwave bakers. In contrast the pizza mix category has tightened up, with the three leaders claiming a 20.7% larger share of sales than was the case five years ago.

OILS/DRESSINGS/ CONDIMENTS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Catsup	48.9	23.4	13.8	86.1	86.4	**-0.3**	2	2	3	3	0	●
Mayonnaise/Mayo-Type Dressing	33.5	22.1	15.9	71.5	70.1	**+2.0**	2	3	4	4	0	◕
Mustard	46.3	10.9	8.6	65.8	67.7	**-2.8**	2	4	5	4	+1	◕
Oil, Salad or Cooking	23.9	22.4	16.7	63.0	64.4	**-2.2**	3	4	5	6	-1	◑
Pickles	32.0	14.9	12.0	58.9	60.3	**-2.3**	3	5	7	7	0	◑
Pickle Relish	55.3	24.6	3.5	83.4	80.8	**+3.2**	1	2	2	2	0	●
Salad Dressings	15.0	11.4	9.1	35.5	48.5	**-26.8**	5	8	10	7	+3	○
Salad Toppings	24.9	22.1	12.9	59.9	—	—	3	4	5	—	—	◑
Vinegar	75.0	6.1	3.0	84.1	—	—	1	1	1	—	—	●
AVERAGE	39.4	17.5	10.6	67.5								

Specials on mayonnaise come, and specials on mayonnaise go, but over the long run of five years the share of sales registered by the top three brands sticks at virtually the exact same level (71.5% today versus 70.1% five years ago).

Strong #1 brands are commonplace in this section, with catsup (48.9%), mustard (46.3%), pickle relish (55.3%) and vinegar (75.0%) some outstanding examples. Brand concentration has weakened most for salad dressings, where stores must now stock 10 brands to meet 75% of demand, up from only seven brands five years ago.

PACKAGED SPECIALTY FOODS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Chicken, Canned	58.7	18.6	17.3	94.6	—	—	1	2	2	1	+1	●
Chili, Canned	36.2	15.9	12.9	65.0	77.2	**-15.8**	2	4	5	3	+2	◑
Deviled Ham/Other Meat Products	35.9	20.0	12.5	68.4	58.6	**+16.7**	2	3	4	5	-1	◔

The only high-volume product category to show an increase in brand concentration is packaged pasta, where 42.6% of sales volume can be met by the top three brands, up from only 37.9% five years ago.

THE FIVE QUINTILES:
● Far above average—Above 81%
◕ Above average—65.1 to 80.9%
◑ Average—51.6 to 65%
◔ Below average—38.1 to 51.5%
○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

PACKAGED SPECIALITY FOODS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Prep. Dishes, Dinner Mixes, Packaged	41.0	14.4	8.8	64.2	80.1	**-19.9**	2	4	5	3	+2	◐
Hash, Canned	60.7	29.9		90.6	—	—	1	2	2	2	0	●
Mexican Foods	24.3	16.8	10.4	51.5	53.7	**-4.1**	3	7	9	10	-1	◔
Pasta, Canned/Jarred	47.1	29.3	5.6	82.0	90.3	**-9.2**	2	2	2	2	0	●
Potatoes, Instant	26.5	19.8	10.8	57.1	58.7	**-2.7**	3	5	7	6	+1	◐
Pasta, Packaged	16.8	15.8	10.0	42.6	37.9	**+12.4**	4	9	11	16	-5	◔
Rice	23.8	9.9	8.0	41.7	49.5	**-15.8**	5	8	10	10	0	◔
Rice, Flavored/Seasoned	14.5	13.6	12.3	40.4	59.7	**-32.3**	4	6	7	5	+2	◔
Soup, Canned	51.0	12.7	7.0	70.7	83.2	**-15.0**	1	3	4	2	+2	◕
Soup, Dry/Bouillon Cubes	12.2	10.1	8.4	30.7	58.0	**-47.1**	7	10	11	6	+5	○
Tuna, Canned	31.2	28.8	15.1	75.1	77.0	**-2.5**	2	3	3	3	0	◕
Stews, Canned	91.9	3.9		95.8	—	—	1	1	1	1	0	●
AVERAGE	38.1	17.3	9.3	64.7								

However, buyers whose goal is to satisfy 75% of demand are still faced with making room with 11 brands in all. The only other products that require a double-digit number of brands are rice and dry soup. Dry soup has evolved in the direction of less brand concentration as new products have surfaced, with the share of the top three plummeting from 58.0% to 30.7%.

One of the most popular categories in this group, canned tuna, requires only three brands to meet 75% of demand, the same as five years ago.
Looking out for the #1 brand by giving it an appropriate amount of shelf space is particularly important in the case of both canned stews (91.9% share for #1) and canned hash (60.7%).

REFRIGERATED MEATS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Bacon/Breakfast Strips	15.1	7.0	6.2	28.3	33.9	**-16.5**	10	18	—	21	—	○
Cold Cuts	19.0	11.5	6.2	36.7	37.9	**-3.2**	5	—	—	—	—	○
Cornish Hens	48.8	26.5	16.0	91.3	—	—	2	2	2	—	+2	●
Frankfurters/Wieners	23.1	6.5	5.1	34.7	33.8	**+2.7**	7	12	16	25	-9	○
Ham, Canned	24.8	17.6	15.6	58.0	44.7	**+29.8**	3	4	5	9	-4	◐
Liver Sausage/Liverwurst	64.1	6.7	4.8	75.6	68.7	**+10.0**	1	2	3	—	—	◕
Pork Sausage	14.8	11.5	7.8	34.1	32.3	**+5.6**	7	12	—	—	—	○
Chicken/Turkey, Fresh/Frozen	18.2	12.7	8.0	38.9	—	—	5	—	—	—	—	◔
AVERAGE	28.5	12.5	8.7	49.7								

This is one of the least concentrated of the dry grocery sections, with a lack of strong #l brands the rule (except for liver sausage and Cornish hens).

Both bacon and frankfurters are strong, high-volume shopper lures, with a profusion of brands all claiming their limited shares for each. Bacon shows the weakest leadership at the top, with the three leading brand covering only 28.3% of demand, condemning it to the lowest quintile along with franks, cold cuts and pork sausage.

SAUCES (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Barbecue/Seasoning/Misc. Sauces, Bottled	15.1	12.7	9.0	36.8	44.3	**-17.0**	5	8	10	8	+2	○
Gravy/Sauce Mixes	19.7	18.5	11.7	49.9	48.9	**+2.0**	4	5	6	6	0	◔
Soy Sauce	44.2	37.9	12.1	94.2	95.4	**-1.3**	2	2	2	2	0	●

New product debuts in the spaghetti sauce category have diminished the clout of the top three brands, dropping their share of sales from 59.7% to 33.7%, while raising the number of brands that must be displayed to meet 75% of demand from six to 10 over five years. The strongest #1 brand is still in soy sauce.

THE FIVE QUINTILES:

- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◐ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

SAUCES	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = FEMALE HOMEMAKERS)	▨ #1	▨ #2	■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Spaghetti Sauce	11.6	11.1	11.0	33.7	59.7	**-43.6**	5	8	10	6	+4	○
AVERAGE	22.7	20.0	11.0	53.7								

SNACKS	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = FEMALE HOMEMAKERS)	▨ #1	▨ #2	■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Corn/Tortilla Chips & Cheese Snacks	16.7	11.7	8.5	36.9	45.2	**-18.4**	5	11	14	10	+4	○
Nuts	34.4	11.2	7.4	53.0	59.0	**-10.2**	3	7	—	—	—	◑
Popcorn Snacks/Popping Corn	17.1	11.4	9.4	37.9	45.5	**-16.7**	5	15	—	—	—	○
Potato Chips	16.4	16.3	6.6	39.3	45.9	**-14.4**	5	12	17	13	+4	◔
Pretzels	12.4	12.1	11.7	36.2	43.5	**-16.8**	5	7	—	8	—	○
AVERAGE	19.4	12.5	8.7	40.6								

The proliferation of different brands and varieties of snacks are enough to drive store managers and buyers, well, nuts. For all five individual brand categories share of sales claimed by the top three brands has thinned significantly over the past five years. For a popular category like potato chips, it now takes 17 brands to meet a 75%-of-sales goal, up from 13 five years ago.

SPICES/EXTRACTS/ MISC.GROCERY	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = FEMALE HOMEMAKERS)	▨ #1	▨ #2	■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Extracts	47.1	18.5	11.3	76.9	62.1	**+23.8**	2	3	3	—	—	◕
Meat/Fish Extenders	47.3	22.9	12.4	82.6	—	—	2	2	3	1	+2	●
Nonstick Cooking Products, Aerosol	54.8	18.4	14.5	87.7	89.7	**-2.2**	1	2	3	2	+1	●
Salt	62.4	11.1	7.4	80.9	81.1	**-0.2**	1	2	3	3	0	◕
Salt Substitute	38.7	20.6	19.5	78.8	80.3	**-1.9**	2	3	3	3	0	◕
Seasonings/Spices	24.6	12.7	10.7	48.0	51.7	**-7.2**	4	6		8	-1	◔
AVERAGE	45.8	17.3	12.6	75.7								

Strong top-three brands are the rule here, with their average claim of sales exceeding 75%. Looking just at salt and aerosol non-stick cooking products, the #1 brands are among the strongest in the entire store, underlining the importance of never condoning any out-of-stocks here. Among seasonings top brands do not shine as brightly, partly because of the reluctance of store management to carry more than one or two lines and partly because of the presence of store brands.

FAMILY BEVERAGES	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = FEMALE HOMEMAKERS)	▨ #1	▨ #2	■ #3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Coffee, Ground	22.4	10.2	10.0	42.6	39.9	**+6.8**	5	10	14	11	+3	◔
Coffee, Instant or Freeze-Dried	21.7	15.7	10.0	47.4	44.7	**+6.0**	4	6	7	7	0	◔
Cream Substitute, Non-Dairy	54.3	16.5	8.6	79.4	81.7	**-2.8**	1	2	3	3	0	◕
Drink Additives (Add Milk or Water)	27.0	15.3	11.0	53.3	51.9	**+2.7**	3	5	6	7	-1	◑
Energy Drinks	88.8			88.8	—	—	1	1	1	—	—	●
Iced Tea Mix, Instant	25.6	20.9	12.4	58.9	76.6	**-23.1**	3	4	5	3	+2	◑
Milk, Dry	40.1	3.3		43.4	52.8	**-17.8**	—	—	—	—	—	◔

The battle for brand share is perpetually heated in the case of both ground and instant coffee, with all the major players launching barrages of merchandising and advertising ploys. If what they have in mind is protecting brand share, their strategy seems to be working, with the share of sales for both categories increasing (to 42.6% for ground coffee and to 47.4% for instant coffee) over the past five years. Still, it's not an easy section to manage with 14 brands of ground coffee needed to satisfy a 75%-of-sales goal.

THE FIVE QUINTILES:
- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◑ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

FAMILY BEVERAGES	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = FEMALE HOMEMAKERS)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Powdered Fruit/Soft Drinks	43.4	16.5	9.1	69	60.2	+14.6	2	3	4	7	-3	◕
Tea, Instant	52.1	40.6		92.7	87.6	+5.8	1	2	2	2	0	●
Tea, Regular	34.6	9.7	8.5	52.8	56.5	-6.5	3	5	7	9	-2	◐
Coffee, Instant, Int'l Flav.	23.0	13.2	11.9	48.1	—	—	4	6	7	—	—	◔
Cocoa Powder	57.0	21.3	14.9	93.2	—	—	1	2	2	—	—	●
Iced Fruit Tea, Instant	40.4	26.7	23.7	90.8	—	—	2	2	3	—	—	●
AVERAGE	40.8	16.1	9.2	66.1								

A different trend is evident in heavily promoted iced tea mixes, with more brands needing to be stocked today as the share of the top three brands shrank from 76.6% to 58.9% over five years. Looking for a category with a clear head-above-the-crowd winner? Look no further than energy drinks, where #1 has fought off challengers to maintain an 88.8% share of volume.

SOFT DRINKS	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = ADULTS)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Cola Drinks, Diet	35.8	16.9	13.1	65.8	63.2	+4.1	2	4	4	5	-1	◕
Cola Drinks, Reg., Non-Diet	36.0	35.6	4.1	75.7	82.2	-7.9	2	2	3	2	+1	◕
Soft Drinks, Diet (Non-Cola)	27.5	9.6	7.7	44.8	43.6	+2.8	4	7	11	11	0	◔
Soft Drinks, Regular (Non-Cola)	14.5	14.3	12.9	41.7	36.9	+13.0	5	8	12	14	-2	◔
Water, Bottled	9.0	9.0	7.7	25.7	33.5	-23.3	7	10	12	—	—	○
AVERAGE	24.6	17.1	9.1	50.8								

The two main schisms here are: cola versus non-cola and diet versus regular. Regarding the matter of brand concentration, the former seems the most influential, with both colas able to meet 75% of demand with only three or four brands while about a dozen are needed for non-colas. No strong brand leadership is evident in bottled water, where even the #1 brand meets only 9.0% of the sales goal.

BEER	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = ADULTS)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Ale	47.0	31.1		78.1	69.0	+31.2	2	2	2	4	-2	◕
Beer, Reg. Domestic	35.3	8.4	6.0	49.7	46.8	+6.2	4	7	10	9	+1	◔
Beer, Imported	17.5	16.1	15.3	48.9	55.6	-12.1	3	6	8	6	+2	◔
Beer, Low-Calorie, Domestic	42.3	19.0	18.0	79.3	75.3	+5.3	2	3	3	3	0	◕
Malt Liquor	62.0	29.3	1.6	92.9	72.0	+29.0	1	2	2	4	-2	●
AVERAGE	32.4	20.8	8.2	61.4								

When you're thinking of having more than one, you may be a space planner for the beer category. For regular beer 10 brands are needed to meet 75% of demand, with the number dropping only slightly to eight for imported beer. The picture is quite different for ale, low-alcohol beers and malt liquors, where only two or three brands can carry the day. Variations in local taste come strongly into play, of course.

WINE	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = ADULTS)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Wine/Spirits Coolers	26.6	26.2	8.4	61.2	—	—	2	5	9	—	—	◐
Wine, Domestic Dinner/Table	19.4	9.0	8.1	36.5	38.8	-5.9	6	12	18	20	-2	○
Wine, Imported Dinner/Table	22.0	8.1	7.9	38.0	45.9	-17.2	5	9	11	—	—	○

The night they invented domestic and imported table wine, they also invented a great conglomeration of brands and varieties. But 75% of demand can be met by stocking 18 brands of the former and 11 of the latter.

THE FIVE QUINTILES:

● Far above average—Above 81%

◕ Above average—65.1 to 80.9%

◐ Average—51.6 to 65%

◔ Below average—38.1 to 51.5%

○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

WINE	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = ADULTS)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Wine, Aperitif, Specialty	59.3	15.4	7.4	82.1	86.0	-4.5	1	2	3	3	0	●
Wine, Dessert/Port/Sherry	38.6	16.4	10.0	65.0	63.7	+2.0	2	4	5	5	0	◑
Wine, Party/Pop/Sangria	55.7	43.3		99.0	41.5	+138.6	1	2	2	7	-5	●
Wine, Sparkling/Cold Duck/Champagne	19.7	12.8	11.3	43.8	40.4	+8.4	4	8	11	—	—	◔
Vermouth	51.4	34.2		85.6	73.5	+16.5	2	2	2	4	-2	●
Prepared Mixed Drinks, Without Liquor	58.4	19.3	4.2	81.9	62.5	+31.0	1	2	2	4	-2	●
Prepared Mixed Drinks, With Liquor	53.3	38.0		91.3	48.7	+87.5	1	2	2	—	—	●
AVERAGE	38.7	24.0	5.7	68.4								

When you move down the aisle to such specialties as aperitif wines, sparkling wines and vermouth, however, there's a lot more leadership with all three categories qualifying for the top quintile of brand concentration.

In a relatively new category, wine and spirit coolers, some popular brands share the leadership, with no strong favorites leading the pack. Here buyers no doubt take soundings on variations in local tastes and stock what appeals to their particular clientele.

DRY GROCERY—NONFOOD

HOUSEHOLD CLEANERS	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = FEMALE HOMEMAKERS)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Carpet/Rug Cleaners	20.5	19.0	18.2	57.7	59.9	-3.7	3	4	5	6	-1	◑
Drain Cleaners	38.6	27.7	23.5	89.8	85.8	+4.7	2	3	3	3	0	●
Floor/Wax Polish	38.3	18.6	7.3	64.2	59.7	+7.5	2	4	5	6	-1	◑
Household Cleaners	10.5	6.5	5.9	22.9	36.0	-36.4	9	14	16	11	5	○
Furniture Polish	33.9	15.7	10.7	60.3	55.1	+9.4	3	4	5	6	-1	◑
Toilet Bowl Cleaners, In-Bowl	27.5	14.3	9.7	51.5	60.1	-14.3	3	5	6	5	+1	◔
Toilet Bowl Cleaners, In-Tank	25.7	14.1	11.5	51.3	44.8	+14.5	3	5	7	6	+1	◔
Metal Polish	26.9	15.2	14.0	56.1	54.4	+3.1	3	5	6	6	0	◑
Oven Cleaners	50.1	15.6	9.3	75.0	76.6	-2.1	1	3	3	3	0	◕
Scouring Pads	41.9	39.3	4.0	85.2	85.6	-0.5	2	2	2	2	0	●
Scouring Cleansers	47.6	18.9	13.5	80.0	90.4	-11.5	2	3	3	2	+1	◕
Glass Cleaners	31.8	26.1	8.6	66.5	84.8	-21.6	2	4	5	2	+3	◕
AVERAGE	32.8	19.3	11.4	63.5								

Several of these categories boast leading brands as powerful as the cleaning-effectiveness promised by the ads for these products. Strong #1 brands can be found by strolling by the sections devoted to oven cleaners (50.1%), scouring cleansers (47.6%), scouring pads (41.9%) and drain cleaners (38.6%).

Backup #2 and #3 brands also pull their weight, so that about half of the products in this section need only two or three brands to meet a 75%-of-sales goal.

Household cleaners themselves are the most diffused category, with the top three brands adding up to only 22.9%. Here a variety of compounds positioned to zero in on specific cleaning needs fight it out for the consumer's attention.

HOUSEHOLD SUPPLIES	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = FEMALE HOMEMAKERS)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Charcoal	51.2	15.9	12.1	79.2	—	—	1	2	3	—	—	◕
Tape, Transparent	58.5	24.0	4.3	86.8	91.0	-4.6	1	2	2	2	0	●

Many of the brands that are found in the household supplies section are true household names themselves.

THE FIVE QUINTILES:

- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◑ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

HOUSEHOLD SUPPLIES (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Insecticide, Indoor	33.7	14.1	10.8	58.6	69.2	-15.3	3	5	6	5	+1	◑
Insect Repellent	33.3	28.5	17.4	79.2	81.1	-2.3	2	3	3	3	0	◕
Light Bulbs	35.5	13.9	13.1	62.5	73.8	-15.3	3	4	5	4	+1	◑
Insecticide, Outdoor	28.7	22.2	17.2	68.1	78.0	-12.7	2	3	4	3	+1	◕
Rubber Gloves	47.8	36.1		83.9	86.3	-2.8	2	2	2	1	+1	●
Air Freshener Sprays/Room Deodorizers	15.8	14.1	9.5	39.4	41.9	-6.0	5	8	10	9	+1	◔
Water Conditioners	37.4	35.7		73.1	85.4	-14.4	2	2	—	2	—	◕
AVERAGE	38.0	22.7	9.4	70.1								

LAUNDRY SUPPLIES (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Bleach	30.8	21.7	19.3	71.8	77.9	-7.8	2	3	4	3	+1	◕
Fabric Softener	26.4	24.4	13.9	64.7	63.0	+2.7	2	4	5	5	0	◑
Detergent/Soap, Regular Laundry	22.5	8.1	7.6	38.2	25.2	+51.6	6	9	13	17	-4	◔
Detergent./Soap, Fine Fabrics	18.6	17.1	7.5	43.2	49.5	-12.7	5	8	11	11	0	◔
Starch	25.7	19.5	19.0	64.2	63.6	+0.9	3	4	4	4	0	◑
Laundry Pre-Treatments/Cleaners	21.9	18.3	12.5	52.7	50.2	+4.9	3	5	6	6	0	◑
AVERAGE	24.3	18.2	13.3	55.8								

PAPER/PLASTIC PRODUCTS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Aluminum Foil	67.7	11.4		79.1	83.8	-5.6	1	1	2	2	0	◕
Diapers, Disposable	21.3	19.3	13.2	53.8	81.2	-33.7	3	5	6	3	+3	◑
Household Wipes, Disposable	60.2	21.0		81.2	87.9	-7.6	1	2	2	2	0	●
Cups, Disposable	54.4	13.9	3.7	72.0	82.1	-12.3	1	2	4	2	+2	◕
Plates, Disposable	16.2	13.4	12.1	41.7	41.9	-0.5	5	—	—	—	—	◔
Facial Tissue	25.5	14.4	12.0	51.9	58.7	-11.5	3	5	7	6	+1	◑
Oven Cooking Bags	78.7	18.1		96.8	92.4	+4.7	1	1	1	1	0	●
Paper Napkins	18.9	18.4	8.7	46.0	43.2	+6.5	4	7	9	11	-2	◔
Paper Towels	29.1	12.4	11.7	53.2	54.1	-1.7	3	6	8	9	-1	◑
Plastic Kitchen Wrap	24.2	21.7	20.8	66.7	76.3	-12.4	3	3	4	3	+1	◕

THE FIVE QUINTILES:
● Far above average—Above 81%
◕ Above average—65.1 to 80.9%
◑ Average—51.6 to 65%
◔ Below average—39.1 to 51.5%
○ Far below average—Under 39.1%

That is certainly the case in transparent tape, where #1 stakes out 58.5% of sales. In both rubber gloves and charcoal the #1 brand preempts an impressive half of all sales. Among the nine categories represented here, not one has experienced an increase in brand concentration over the past five years, evidence that some strength has sapped out of the leaders to the profit of their challengers.

The only category with a high degree of diffusion among several brands is air fresheners, with only 39.4% of sales attributed to the top three brands, and an above-average 10 brands required to meet a 75%-of-sales goal.

The scattershot brand shares among regular laundry detergents that was evident five years ago has abated as the top three brands have gained in strength from a combined 25.2% share to 38.2% today. This means that the number of brands needed to meet 75% of demand has eroded from 17 to an easier-to-handle 13. Powerhouse #1 brands are scarce here, with only bleach providing one with a 30%-plus share.

Overall, this is a section of the dry grocery department where store brands are often given the chance to compete effectively against national brands for shopper attention. That's one reason that categories like toilet paper, paper napkins and disposable plates show relatively low achievement by the top three brands.

Most paper and plastic categories have seen an erosion in the share claimed by the top three brands over the past five years, but none more dramatically than disposable diapers, where share has sunk from 81.2% to only 53.8% as mothers consider their new choices, usually new lines from the same manufacturers.

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

PAPER/PLASTIC PRODUCTS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Plastic Sandwich/Food. Storage/Freezer Bags	30.7	16.9	16.7	64.3	76.3	-12.7	3	4	6	3	+3	◐
Plastic Garbage Bags/Can Liners	16.4	15.3	14.3	46.0	61.9	-25.7	4	—	—	—	—	◔
Cleaning Wipes, Pre-Moistened	27.3	13.8	13.1	54.2	61.4	-11.7	3	5	6	5	+1	◐
Toilet Paper	24.4	15.6	7.2	47.2	46.4	+1.7	4	7	10	9	+1	◔
Waxed Paper	72.1	17.4	1.8	91.3	86.7	+5.3	1	1	2	2	0	●
AVERAGE	37.8	16.2	9.0	63.0								

But sometimes shoppers just feel happier with a tried and true brand leader. That is the case with aluminum foil, where the leading brand claims 67.7% of sales as well as in two categories where there are a limited number of brands competing for shopper attention—oven cooking bags and waxed paper.

PET PRODUCTS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Cat Food, Canned	18.1	17.6	13.9	49.6	64.9	-23.6	4	5	6	5	+1	◔
Cat Food, Dry	13.0	12.6	8.2	33.8	44.3	-23.3	6	10	14	10	+4	○
Cat Food, Moist	45.6	19.9	13.6	79.1	80.4	-1.6	2	3	3	3	0	◕
Dog Food, Canned	20.2	18.1	11.1	49.4	59.1	-16.4	4	7	8	5	+3	◔
Dog Food, Dry	12.7	6.0	5.0	23.7	30.2	-21.5	12	—	—	—	—	○
Dog Food, Moist	24.6	21.8	13.8	60.2	71.3	-15.6	3	4	5	—	—	◐
Cat Litter	19.5	15.6	12.5	47.6	48.4	-1.7	4	6	—	—	—	◔
Dog Biscuits/Treats	26.5	12.1	9.4	48.0	54.2	-11.4	4	7	9	6	+3	◔
Flea/Tick Care Products	28.8	26.5	8.2	63.5	78.1	-18.7	2	4	5	3	+2	◐
Cat Treats	38.1	22.6	19.6	80.3	—	—	2	3	3	—	—	◕
AVERAGE	24.7	17.3	11.5	53.5								

Grocery buyers who feel they're dogged by an unrelenting procession of new product pitches will find proof here that it's not their imagination. As more new products have tried to squeeze their way onto store shelves and into the affections of pets and their owners, brand concentration has slipped seriously. For example, in canned cat food, the top three brands covered 64.9% of demand only five years ago, but just 49.6% today.

At the same time, stores have had to shoehorn a greater number of brands to satisfy 75% of demand. For dog biscuits that has meant authorizing nine brands rather than the six that proved sufficient five years ago. The most highly concentrated category at the moment is a relatively new one, cat treats, where the top three brands account for 80.3% of sales.

SOAPS, NON-LAUNDRY (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Automatic Dishwashing Detergent	29.5	22.2	14.0	65.7	76.8	-14.5	2	4	4	3	+1	◕
Dishwashing Detergent, Liquid	19.8	18.1	14.8	52.7	57.1	-7.7	3	5	6	5	+1	◐
Hand Cleaners, Heavy Duty	35.1	14.6	14.4	64.1	91.3	-29.8	3	4	4	3	+1	◐
AVERAGE	28.1	18.3	14.4	60.8								

Both automatic dishwasher detergents and liquid dishwashing detergents have seen some erosion in brand concentration over the past five years. So both now require that more brands be carried to fulfill a 75%-of-sales goal.

THE FIVE QUINTILES:

●	Far above average—Above 81%
◕	Above average—65.1 to 80.9%
◐	Average—51.6 to 65%
◔	Below average—38.1 to 51.5%
○	Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

TOBACCO (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Cigarettes	8.2	5.3	4.1	17.6	18.9	-6.9	20	37	50	44	+6	○
Cigars*	20.8	10.6	9.5	40.9	42.6	-4.0	4	—	—	—	—	◔
Chewing & Smokeless Tobacco*	30.2	27.9	23.2	81.3	70.2	+15.8	2	3	3	4	-1	●
Disposable Lighters	85.1	9.9		95.0	95.2	-0.2	1	1	1	1	0	●
Cigarette Rolling Paper	33.3	26.1	21.6	81.0	—	—	2	3	3	—	—	●
AVERAGE	35.5	16.0	11.7	63.2								

*BASE = MEN

Although nominally classified as part of the tobacco category, cigarettes are a unique commodity that make their own rules in many areas—including brand concentration. Perhaps nowhere else does the universally recognized brand loyalty of consumers demand that brands with almost paper-thin sales shares be stocked. Disappointing a customer who is loyal to a particular brand, and sending him to another store, could ultimately cost several thousand dollars a year in lost sales.

DAIRY

DAIRY (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
American, Pasteurized/ Processed Cheese	32.3	12.4	5.9	50.6	57.4	-11.8	3	8	—	—	—	◔
Butter	50.7	6.1	3.3	60.1	54.4	+10.5	1	—	—	—	—	◑
Grated Cheese	49.3	14.9	4.7	68.9	—	—	2	3	5	—	—	◕
Cheese Spread	48.7	10.4	8.6	67.7	—	—	2	3	5	—	—	◕
Cream Cheese	81.7	1.9		83.6	82.8	+1.0	1	1	1	1	0	●
Dips, Ready-to-Serve	16.4	16.1	11.0	43.5	45.7	-4.8	4	—	—	—	—	◔
Margarine	13.2	12.0	9.6	34.8	48.7	-28.5	6	9	11	12	-1	○
Orange Juice, Not Frozen	13.4	10.9	10.8	35.1	59.3	-40.8	5	9	—	8	—	○
Dough Products., Refrigerated (incl. frozen)	21.6	9.7	9.3	40.6	47.7	-14.9	5	9	12	8	+4	◔
Sour Cream	20.5	15.0	9.9	45.4	49.7	-8.7	4	—	—	—	—	◔
Yogurt	15.3	14.5	11.2	41.0	49.1	-16.5	5	9	12	13	-1	◔
Cheese, Natural or Imported	12.3	10.8	7.5	30.6	—	—	7	—	—	—	—	○
AVERAGE	31.3	11.2	7.7	50.2								

For six of the 12 dairy product categories listed here, there is no number of brands specified in the column indicating the number of brands specified to meet 75% of demand. The reason is simply that national brands must share department space with house brands to a degree that is not found in dry grocery sections. (That's why milk isn't even shown here.) But there are some categories in dairy for which we see that the #1 national brand has remained dominant enough to fight off both store brands and the challenges of rival national brands. The most enduring example is cream cheese, where the leader satisfies 81.7% of demand.

As a result of the many new entries in the refrigerated orange juice derby, the share claimed by the three leaders has plummeted from 59.3% to 35.1% over the past five years.

FROZEN FOODS

FROZEN FOODS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Chicken, Breaded	25.1	12.4	9.2	46.7	70.9	-34.3	4	6	8	4	+4	◔
Desserts	10.6	8.8	6.6	26.0	42.2	-38.4	8	13	16	9	+7	○

Those responsible for solving the perennial space squeeze in their stores' frozen foods departments will find little solace from the trends revealed here.

THE FIVE QUINTILES:

- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◑ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

FROZEN FOODS (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Dinners	23.2	12.1	11.7	47.0	62.1	**-24.3**	4	6	7	5	+2	◔
French Toast/Pancakes	36.4	27.2	17.6	81.2	77.9	**+4.2**	2	3	3	3	0	●
Corn on the Cob	43.5	41.8	8.3	93.6	90.1	**+3.9**	2	2	2	2	0	●
Main Courses/Entrées	16.1	13.8	13.3	43.2	57.9	**-25.4**	4	7	9	5	+4	◔
Pizza	14.7	7.0	6.9	28.6	40.3	**-29.0**	7	12	15	9	+6	○
Potato Products	36.6	17.6	14.6	68.8	71.7	**-4.0**	2	3	5	4	+1	◕
Orange Juice	11.2	10.5	8.3	30.0	48.3	**-37.9**	8	14	17	12	+5	○
Vegetables, Plain	19.6	17.8	5.1	42.5	41.7	**+1.9**	6	14	—	—	—	◔
Vegetables, Prepared	24.8	22.9	9.5	57.2	74.8	**-23.5**	3	5	7	4	+3	◐
Waffles	29.6	27.0	16.7	73.3	86.8	**-15.5**	2	3	4	3	+1	◕
Yogurt	32.8	18.3	14.4	65.5	60.0	**+9.2**	2	4	—	—	—	◕
Breakfast	50.5	26.4	10.2	87.1	—	—	1	2	2	—	—	●
Ice Cream/Sherbert/Ice Milk	15.5	14.8	4.6	34.9	—	—	—	—	—	—	—	○
Ice Cream Novelties	14.6	12.2	8.8	35.6	—	—	6	11	14	—	—	○
Snacks (Fruit/Juice Bars)	31.5	10.6	7.5	49.6	—	—	4	7	9	—	—	◔
Bread Products	59.6	16.9	9.8	86.3	—	—	1	2	2	—	—	●
h/Seafood	28.0	22.4	11.8	62.2	—	—	2	4	6	—	—	◐
Hot Snacks	31.0	14.9	12.3	58.2	—	—	3	4	5	—	—	◐
AVERAGE	27.7	17.8	10.4	55.9								

Almost across the board, the share of sales claimed by the three leading brands has shrunk over the last five years, and brand concentration further diffused.

Take the case of desserts (which include many varieties of cakes, pastries and pies), where just five years ago the three top brands garnered 42.2% of sales. Since then their share has shrunk by 38.4% to only 26.0%. So pity the poor frozens buyer/merchandiser who finds that the nine brands that could formerly be authorized to satisfy 75% of demand have swollen in number to 16 brands.

And even as brand concentration showed a severe erosion for refrigerated orange juice (see dairy above), there was a similar explosion of brands claiming consumer attention in the frozen orange juice section. Anyone who can't find a satisfactory orange juice somewhere in their supermarket just isn't trying.

Among the categories for which data from five years ago are not available, ice cream novelties show relatively low brand concentration, demanding 14 brands be on hand to satisfy 75% of demand.

GENERAL MERCHANDISE

AUTO SUPPLIES (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Auto Wax/Polish	15.8	12.6	10.4	38.8	36.2	+7.2	5	8	10	14	-4	◔
Anti-Freeze/Coolant	65.2	10.0	8.6	83.8	78.0	+7.4	1	2	2	3	-1	●
Gasoline Additives	62.2	11.6	5.3	79.1	67.4	+17.4	1	2	3	—	—	◕
Motor Oil	24.4	17.9	11.3	53.6	57.0	-6.0	3	5	6	8	-2	◐
Motor Oil Additives	48.2	35.4		83.6	57.9	+44.4	2	2	2	—	—	●
AVERAGE	43.2	17.5	7.1	67.8								

Anti-freeze (65.2%), gasoline additives (62.2%) and motor oil additives (48.2%) all boast strong #1 brands which help propel this section toward the top of the departmental list of high brand concentration. Consumer loyalty to specific brands is spread thinnest in the case of auto wax/polish, with the #1 brand accounting for only 15.8% of sales, and 10 brands needed to meet 75% of demand.

THE FIVE QUINTILES:
- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◐ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

GENERAL MERCHANDISE (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Batteries	39.0	32.8	10.8	82.6	93.7	**-11.8**	2	2	3	3	0	●
Film	66.6	9.4	7.4	83.4	88.2	**-5.6**	1	1	2	2	0	●
Pantyhose/Stockings*	25.0	13.0	10.0	48.0	59.4	**-19.2**	4	7	10	—	—	◔
Plant Food, Indoor	34.2	19.5	18.0	71.7	64.2	**+11.7**	2	3	4	4	0	◕
Video Tapes, Purchase	13.2	12.7	10.2	36.1	47.7	**-24.3**	5	7	8	6	+2	○
AVERAGE	35.6	17.5	11.3	64.4								

*BASE = MEN

As the home of one of the strongest brand franchises found anywhere in the supermarket, film maintains its high brand concentration (66.6% share for #1) despite increased rivalry over the past five years. In contrast, shares are spread very thinly for video tapes, with the three top brands each claiming a little over 10% of sales. Here the number of brands that needs to be stocked is no doubt influenced by the degree of perceived brand loyalty versus substitutability.

HEALTH & BEAUTY AIDS

BABY/CHILDREN'S HBA (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Baby Lotion	42.9	31.1	14.8	88.8	92.3	**-3.8**	2	2	3	2	+1	●
Baby Oil	68.0	10.3	6.9	85.2	—	—	1	1	2	2	0	●
Baby Ointments	49.4	20.3	15.6	85.3	90.4	**-5.6**	2	2	3	3	0	●
Baby Powder	52.2	27.3	5.1	84.6	84.6	**0**	1	2	2	3	-1	●
Baby Shampoo	79.2	4.5		83.7	86.8	**-3.6**	1	1	1	1	0	●
Baby Bath, Liquid	49.1	48.1		97.2	—	—	2	2	2	2	0	●
Teething Remedies	40.6	17.4		58.0	95.8	**-39.5**	2	—	—	2	—	◑
Children's Cold Tablets/Liquids	38.6	19.0	9.8	67.4	81.8	**-17.6**	2	3	4	3	+1	◕
Children's Cough Syrup	28.2	25.9	13.2	67.3	36.4	**+84.9**	2	3	4	—	—	◕
Children's Fever/Pain Relievers	28.9	26.7	13.1	68.7	58.8	**+16.8**	2	3	4	7	-3	◕
Soap, Baby's	42.9	24.6	16.6	84.1	85.1	**-1.2**	2	2	3	3	0	●
Vitamins, Children's	18.5	15.0	12.3	45.8	33.4	**+37.1**	4	5	6	11	-5	◔
AVERAGE	44.9	22.5	9.0	76.4								

No single section of the supermarket sustains such a high level of brand concentration across virtually all its member categories (with children's vitamins the exception). In the case of baby shampoo the #1 brand is so strong—with a 79.2% share—as to render other brands virtually redundant.

Similarly, liquid baby bath has two top brands of such combined strength (97.2%) that no other brand is reported. As a whole, therefore, this department is a space planner's dream with only one, two or three brands needed to satisfy 75% of demand for most categories.

In the case of the three remedies for children, including cold tablets and remedies, brand loyalty is likely to be a strong influence as mothers seek out the specific brand recommended by their pediatrician. So skimping on the stocking of marginal brands might be too costly in terms of customer satisfaction and repeat patronage.

COSMETICS (BASE = WOMEN)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Blusher	12.9	9.2	8.9	31.0	31.7	**-2.8**	6	9	11	12	-1	○
Complexion Care Products	13.0	11.5	10.9	35.4	33.8	**+4.7**	5	10	—	—	—	○
Face Powder, Loose	14.0	11.1	9.6	34.7	34.1	**+1.8**	5	8	9	11	-2	○
Facial Toners	20.8	18.8	18.1	57.7	—	—	3	4	—	—	—	◑

Brand concentration is notable by its virtual absence in the cosmetics section. Most #1 brands here can count themselves lucky to claim even 15% of sales, giving the top three brands an average of only 39.5% of sales, lowest of any but the two hair care categories.

THE FIVE QUINTILES:
● Far above average—Above 81%
◕ Above average—65.1 to 80.9%
◑ Average—51.6 to 65%
◔ Below average—38.1 to 51.5%
○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

COSMETICS (BASE = WOMEN)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Foundation Makeup	19.3	8.6	7.3	35.2	36.8	**-4.3**	6	10	13	12	+1	○
Eye Liner	12.8	10.9	9.2	32.9	48.3	**-31.9**	6	10	12	9	+3	○
Eye Shadow	17.0	10.2	8.8	36.0	43.5	**-17.2**	6	9	11	9	+2	○
Lipstick/Lip Gloss	14.5	8.1	7.0	29.6	40.0	**-26.0**	7	12	16	15	+1	○
Mascara	17.8	12.1	9.8	39.7	55.5	**-28.5**	5	8	10	7	+3	◔
Nail Polish	16.2	9.9	9.5	35.6	44.9	**-21.7**	5	8	9	8	+1	○
Nail Polish Remover	64.0	13.5	7.4	84.9	87.6	**-3.1**	1	2	2	2	0	●
Perfume/Cologne	11.2	7.0	3.0	21.2	30	**-29.3**	18	34	—	33	—	○
Pressed Powder	26.7	13.0	7.9	47.6	36.9	**+29.0**	4	7	8	12	-4	◔
Facial Cleansers	17.3	14.1	8.9	40.3	—	—	5	8	13		—	◔
Face Creams/Lotions	15.3	8.0	6.7	30.0	—	—	7	13	17	—	—	○
AVERAGE	19.5	11.1	8.9	39.5								

In two high-stakes categories where giants fight for brand share with slick multi-million dollar advertising assaults—lipstick and perfume—patronage is spread over dozens of glamorous brand names. Many of these names, of course, prefer to eschew supermarket exposure for the more glamorous surroundings of upscale department stores. But even without access to the leaders, supermarkets can find a ready outlet for their wares when customer purses face their own out-of-stock problems.

While brand concentration for cosmetics was among the weakest five years ago, the situation has worsened in almost every category. For eye liner, for example, top-three brand share fell in five years by 31.9% from 48.3% to 32.9%.

The exception to the pattern is nail polish remover, where the #1 brand claims 64.0%, and only two brands can satisfy 75% of demand.

FIRST AID/SKIN CARE (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Athlete's Food Remedies	29.5	20.6	17.0	67.1	63.3	**+6.0**	2	3	4	5	-1	◕
Adhesive Bandages	33.0	18.2	13.9	65.1	65.0	**+0.1**	2	4	5	5	0	◑
Cotton Swabs	63.7	20.9		84.6	—	—	1	2	2	2	0	●
Body Powder	32.5	17.9	12.3	62.7	69.5	**-9.8**	2	4	6	5	+1	◑
Lip Balm	23.3	22.2	14.8	60.3	—	—	3	5	7	—	—	◑
Sunburn Remedies	43.9	10.5	7.9	62.3	71.8	**-13.2**	2	4	—	4	—	◑
Sunscreen/Suntan Products	11.2	11.1	9.2	31.5	43.4	**-27.4**	7	11	15	11	+4	○
Corn/Wart Removers	49.4	28.8		78.2	—	—	2	2	2	2	0	◕
Groin Irritation Remedies	35.2	30.4		65.6	—	—	2	—	—	—	—	◕
AVERAGE	35.7	20.1	8.3	64.1								

Combination stores may have the space and resources to stock in-depth here, but traditional supermarkets of more modest size may have to stick with the leaders. In the case of such first aid staples as adhesive bandages and cotton swabs, the top three brands will satisfy most of demand.

But consumers appear *more fickle, or at least less* concentrated on any handful of brand leaders, in the case of sunscreens and suntan products. Here 11 brands were able to satisfy 75% of demand five years ago, but that number has swollen to 15 brands in tandem with a shrinking of brand concentration. Today the #I brand claims a scant 11.2% of sales.

HAIR CARE, MEN'S (BASE = MEN)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Hair Conditioners	11.1	5.7	5.5	22.3	25.2	**-11.5**	10	16	21	22	-1	○
Hair Coloring	15.2	11.8	9.4	36.4	42.8	**-15.0**	5	8	12	13	-1	○
Hair Tonic/Dressing	18.5	13.3	12.0	43.8	42.5	**+3.0**	4	6	6	9	-3	◔

No category here—or in women's hair care, for that matter—can claim even a 20% share for its #1 brand. So supermarket HBA buyers often have to hope that shoppers in need of a product in one of these categories will simply follow the leader, because there's just not enough space for all the also-rans.

THE FIVE QUINTILES:
- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◑ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

HAIR CARE, MEN'S	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = MEN)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Hair Sprays	11.4	8.5	6.2	26.1	21.0	+24.3	10	15	19	24	-5	○
Shampoo	14.6	8.7	5.3	28.6	26.9	+6.3	9	17	24	28	-4	○
Hair Conditioning Treatments	19.2	10.6	9.0	38.8	—	—	5	—	—	—	—	◔
Hair Mousse	12.1	8.8	8.6	29.5	—	—	6	9	12	—	—	○
AVERAGE	14.6	9.6	8.0	32.2								

Take hair sprays, for example. Trying to stock enough brands to satisfy just 50% of demand would mean carrying 10 brands, a number that swells to 15 and 19 for 67% and 75% of demand, respectively.

HAIR CARE, WOMEN'S	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = WOMEN)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Depilatories	16.7	16.6	10.6	43.9	50.0	-12.2	—	—	—	—	—	◔
Hair Coloring	15.6	12.7	11.8	40.1	42.9	-6.5	4	7	9	11	-2	◔
Hair Conditioners	8.3	7.1	6.8	22.2	25.7	-13.6	10	19	25	—	—	○
Hair Mousse	17.0	9.8	5.9	32.7	57.4	-43.0	7	14	—	5	—	○
Hair Styling Gels/Lotions	14.1	11.1	7.2	32.4	34.9	-7.2	7	—	—	—	—	○
Hair Sprays	13.2	7.5	6.4	27.1	32.9	-17.6	10	17	—	17	—	○
Home Permanents	19.5	10.2	9.7	39.4	34.6	+13.9	5	8	10	—	—	◔
Shampoo	7.8	5.7	5.0	18.5	18.8	-1.6	14	26	37	37	0	○
Hair Conditioning Treatments	14.4	11.2	8.5	34.1	—	—	6	—	—	—	—	○
AVERAGE	14.1	10.2	8.0	32.3								

The win, place and show positions of the top three brands in most of these categories make a tight race, with few #1 brands appreciably above their nearest rivals. And since all have modest shares, brand leadership is universally diffuse.

Shampoo used by women is the most extreme example, as well as representing one of the highest volume sectors. Added together, the top three brands of shampoo amass just 18.5% of sales.

Virtually every category has seen brand concentration sink over the past five years. A good example is hair mousse, relatively new five years ago with the three leaders claiming over half of sales (57.4%). But subsequent entries into this category cut top-three share almost in half to 32.7%.

MISC. WOMEN'S HBA	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
(BASE = WOMEN)	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Deodorants/Antiperspirants	7.3	6.9	6.7	20.9	23.6	-11.4	12	20	29	22	+7	○
Bath/Shower Additives	23.2	15.3	14.7	53.2	38.8	+37.1	3	5	8	—	—	◑
Body/Hand Cream/Lotion/Oil	17.1	8.3	7.4	32.8	34.5	-5.0	8	13	17	17	0	○
Body Sprays, Deodorants/Colognes	42.2	25.0	7.3	74.5	—	—	2	2	4	—	—	◕
Feminine Hygiene Deodorant Sprays	49.2	46.1		95.3	77.8	+22.5	2	2	2	3	-1	●
Feminine Hygiene Douches/Suppositories	58.3	29.5	6.1	93.9	82.5	+13.8	1	2	2	3	-1	●
Medicated Skin Ointment	26.3	12.8	12.1	51.2	49.3	+3.9	3	6	8	—	—	◔
Premenstrual or Period Pain Remedies	32.1	14.5	9.8	56.4	68.2	-17.3	3	5	6	5	+1	◑
Razor Blades	17.2	15.7	15.4	48.3	56.1	-13.9	4	6	8	9	-1	◔
Razors, Disposable	31.3	16.3	13.0	60.6	—	—	3	4	5	—	—	◑

THE FIVE QUINTILES:

- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◑ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

In this potpourri of a category, brand concentration runs the gamut from light to heavy. Capturing the crown for lightest of the light are deodorants and antiperspirants used by women, with the #1 brand, at 7.3% of sales barely outpacing its two pursuers, for a three-brand share of a mere 20.9%. It is not surprising, then, that it would take an awesome display of some 29 brands to meet 75% of demand—not a number likely to be found in supermarkets.

Continued on page 104

Source: Mediamark Research Inc.

BRAND POWER

1991 vs. 1986

THE RETAILER'S PERCEPTION

BY DAVID LITWAK AND JANET TORRES CEPEDA

We've all heard more than once that the number of products being introduced in the nation's supermarkets has increased greatly over the past five years.

Retailers have been arguing that many of these so-called "new" products are simply line extensions, or follow-the-leader products that have no real value to consumers. But is this true, or are more brands finding a legitimate market share?

As a follow-up to this year's Product Preference Study, which looked at how brand concentration has changed over the past five years, SUPERMARKET BUSINESS asked retailers how important they feel it is to carry a wide range of brands in specific categories.

A sample of 1,500 supermarket executives was asked about their perception of how brand loyalty for specific categories compared with general loyalty to all products throughout the store; whether the number of products that they authorized within specific categories changed over the past five years; whether shelf space allocated to specific categories had increased or decreased during that same period; and whether they felt that they had a sufficient number of products in a category to satisfy the needs of their consumers.

Respondents were merchandisers and store-level department managers of chains. Five hundred each were chosen from the dry grocery, perishables (dairy and frozen foods) and HBA/GM departments. All were asked to comment only on those product categories with which they were familiar.

Overall, respondents did not observe new products eroding brand loyalty in most categories. In about 49 percent of the categories, they felt that brand loyalty was no better or worse than it was for the majority of store products. In just a quarter of all the categories we examined did they feel that brand loyalty was greater or less than the store average.

Retailers say that in most categories, an increase in the number of brands stocked has had little effect on brand loyalty.

Despite a constant level of brand loyalty, retailers have increased the number of brands that they carry in the majority of categories. In 57 percent of the categories, the number of brands that they authorized to be stocked was up from five years ago. Only 6 percent of the retailers said that they reduced the number of brands.

This tracks well with the results of the Product Preference Study, which saw the percentage of sales of the top three brands decrease in 43 percent of the categories over the same period of time.

More brands, but fewer facings of each, seems to have been the watchword of supermarket merchandising over the past five years. Retailers said that while they did increase the number of brands carried, they did not increase the share of shelf space allotted to those categories.

In the final analysis, most of the retailers surveyed were content with the number of brands that they carried in these categories. Sixty-four percent said that they felt that they had just the right number of brands in each category to satisfy the needs of their customers. Only 15 percent felt that they needed more brands, and only 21 percent felt that they could still satisfy consumers with fewer brands.

If retailers are feeling cramped by the number of brands on their shelves in certain categories, it is as much a result of their own actions as those of manufacturers.

Many of those categories in which operators claim that they could have fewer products on their shelves and still satisfy customers, are the same categories in which the operators themselves authorized the most new products for their stores during the past five years. Examples of such categories are hair

Categories With The Most New Authorized Brands Added In Past Five Years

1. Frozen Foods
2. Pet Foods & Supplies
3. OTC Remedies
4. Refrigerated Meats
5. Snacks
6. Frozen Breakfast Foods
7. Breakfast Foods (packaged)
8. Deodorants & Antiperspirants
9. Dairy
10. Hair Care

BRAND POWER

BRAND LOYALTY

How Strong Is Customer Brand Loyalty For This Category Compared To All Products Sold In The Store?

CATEGORIES	Less loyalty in this category	About the same	More loyalty in this category
PERISHABLES CATEGORIES			
Refrigerated Meats	16 %	46 %	38 %
Dairy	18	36	46
Frozen Foods	12	63	25
- Entrees/Dinners	28	41	31
- Breakfast Foods	13	66	21
- Vegetables	34	41	24
- Juices	46	29	25
- Ice Cream	7	50	43
TOTAL PERISHABLES	**23 %**	**45 %**	**32 %**
DRY GROCERY CATEGORIES			
Baby Foods	6 %	37 %	57 %
Baked Goods (packaged)	33	54	3
Breakfast Foods	47	37	16
Candy	33	43	24
Desserts	43	43	14
Baking Ingredients	20	52	28
Canned Fruits, Juices & Vegetables	40	50	10
Oils & Dressings	17	69	14
Specialty Foods	24	38	38
Soft Drinks	37	40	23
Prepared Beverages	29	67	4
Beer & Wine	29	38	33
Snacks	45	48	7
Condiments & Sauces	23	70	7
Personal Soaps	17	66	17
Household Cleaners	32	55	13
Paper, Plastic & Foil Products	57	37	6
Household Supplies	32	68	0
Pet Foods & Supplies	23	68	30
Tobacco Products	30	33	37
Laundry Supplies	43	43	14
TOTAL DRY GROCERY CATEGORIES	**32 %**	**49 %**	**19 %**
HEALTH & BEAUTY AIDS CATEGORIES			
Baby HBA	12 %	44 %	44 %
First Aid	19	59	22
Skin Care	32	43	25
Cosmetics	8	54	38
Nail Care	23	58	19
Hair Care	31	42	27
Deodorants & Antiperspirants	14	50	36
Bath & Shower Products	41	56	3
Feminine Hygiene Products	16	48	36
Shaving Needs	21	61	18
Oral Hygiene Products	7	52	41
OTC Remedies	11	58	31
TOTAL HBA CATEGORIES	**19 %**	**53 %**	**28 %**
GENERAL MERCHANDISE CATEGORIES			
Auto Supplies	39 %	57 %	4 %
Batteries	0	56	44
Film	15	35	50
Video Tapes	39	43	18
Audio Tapes	40	40	20
Writing Implements, Stationery & School Supplies	42	50	8
Pantyhose & Apparel	8	50	42
TOTAL GENERAL MERCHANDISE	**26 %**	**47 %**	**27 %**
TOTAL ALL CATEGORIES	**26 %**	**49 %**	**25 %**

Among dry grocery categories retailers believe that there is generally less brand loyalty than for other product categories in the store. Snacks, paper products, laundry supplies and breakfast foods tend to be the weakest categories.

NUMBER OF BRANDS AUTHORIZED BY YOUR COMPANY

(Today versus 5 years ago)

CATEGORIES	Fewer today in this category	About the same	More today in this category
PERISHABLES CATEGORIES			
Refrigerated Meats	4 %	16 %	80 %
Dairy	4	21	75
Frozen Foods	0	11	89
- Entrées/Dinners	4	4	92
- Breakfast Foods	7	17	76
- Vegetables	3	31	66
- Juices	4	32	64
- Ice Cream	3	29	68
TOTAL PERISHABLES	**4 %**	**21 %**	**75 %**
DRY GROCERY CATEGORIES			
Baby Foods	0 %	50 %	50 %
Baked Goods (packaged)	3	30	67
Breakfast Foods	3	21	76
Candy	7	39	54
Desserts	11	43	46
Baking Ingredients	7	50	43
Canned Fruits, Juices &Vegetables	4	34	62
Oils & Dressings	3	28	69
Specialty Foods	7	32	61
Soft Drinks	7	57	36
Prepared Beverages	8	63	29
Beer & Wine	11	42	47
Snacks	0	20	80
Condiments & Sauces	0	67	33
Personal Soaps	3	61	36
Household Cleaners	4	55	41
Paper, Plastic & Foil Products	0	55	45
Household Supplies	4	63	33
Pet Foods & Supplies	0	14	86
Tobacco Products	0	50	50
Laundry Supplies	0	43	57
TOTAL DRY GROCERY CATEGORIES	**4 %**	**43 %**	**53 %**
HEALTH & BEAUTY AIDS CATEGORIES			
Baby HBA	4 %	27 %	69 %
First Aid	4	28	68
Skin Care	7	26	67
Cosmetics	12	46	42
Nail Care	15	35	50
Hair Care	12	15	73
Deodorants & Antiperspirants	0	25	75
Bath & Shower Products	8	44	48
Feminine Hygiene Products	4	36	60
Shaving Needs	7	57	36
Oral Hygiene Products	0	37	63
OTC Remedies	0	15	85
TOTAL HBA CATEGORIES	**5 %**	**35 %**	**60 %**
GENERAL MERCHANDISE CATEGORIES			
Auto Supplies	30 %	43 %	23 %
Batteries	8	36	56
Film	4	46	50
Video Tapes	4	26	70
Audio Tapes	5	50	45
Writing Implements, Stationery & School Supplies	4	48	48
Pantyhose & Apparel	12	52	36
TOTAL GENERAL MERCHANDISE	**10%**	**43 %**	**47 %**
TOTAL ALL CATEGORIES	**6%**	**37 %**	**57 %**

More products appears to be the direction of the grocery industry over the past five years. Retailers have authorized many more products in virtually all categories. Perishable categories, pet foods and supplies, and OTC remedies were the most increased sections.

BRAND POWER

CATEGORY'S SHARE OF STORE SPACE

(Today versus 5 years ago)

CATEGORIES	Less space today	About the same	More space today
PERISHABLES CATEGORIES			
Refrigerated Meats	4 %	67 %	29 %
Dairy	7	50	43
Frozen Foods	0	36	64
- Entrées/Dinners	4	34	62
- Breakfast Foods	0	50	50
- Vegetables	7	60	33
- Juices	4	64	32
- Ice Cream	0	32	68
TOTAL PERISHABLES	**3 %**	**48 %**	**49 %**
DRY GROCERY CATEGORIES			
Baby Foods	14 %	79 %	7 %
Baked Goods (packaged)	18	39	43
Breakfast Foods	3	40	57
Candy	7	55	38
Desserts	25	50	25
Baking Ingredients	17	72	11
Canned Fruits, Juices &Vegetables	4	50	46
Oils & Dressings	3	80	17
Specialty Foods	21	43	36
Soft Drinks	3	52	45
Prepared Beverages	20	60	20
Beer & Wine	5	75	20
Snacks	0	23	77
Condiments & Sauces	13	68	19
Personal Soaps	7	83	10
Household Cleaners	3	94	3
Paper, Plastic & Foil Products	10	67	23
Household Supplies	4	72	24
Pet Foods & Supplies	0	40	60
Tobacco Products	33	59	8
Laundry Supplies	7	70	23
TOTAL DRY GROCERY PRODUCTS	**11 %**	**60 %**	**29 %**
HEALTH & BEAUTY AIDS CATEGORIES			
Baby HBA	0 %	59 %	41 %
First Aid	0	73	27
Skin Care	11	56	33
Cosmetics	16	38	46
Nail Care	20	48	32
Hair Care	12	31	57
Deodorants & Antiperspirants	0	46	54
Bath & Shower Products	15	63	22
Feminine Hygiene Products	4	56	40
Shaving Needs	14	66	20
Oral Hygiene Products	0	52	48
OTC Remedies	0	23	77
TOTAL HBA CATEGORIES	**8 %**	**53 %**	**39 %**
GENERAL MERCHANDISE CATEGORIES			
Auto Supplies	43 %	39 %	18 %
Batteries	8	63	29
Film	4	56	40
Video Tapes	5	36	59
Audio Tapes	10	60	30
Writing Implements, Stationery & School Supplies	13	58	29
Pantyhose & Apparel	4	54	42
TOTAL GENERAL MERCHANDISE	**12 %**	**52 %**	**35 %**
TOTAL ALL CATEGORIES	**8 %**	**56 %**	**36 %**

The majority of retailers say that they now give most categories about the same percentage of the store's selling space as they did six years ago. Those categories that did receive the biggest increases were in the perishables and general merchandise departments.

DO YOU NEED FEWER BRANDS OR MORE BRANDS IN THE CATEGORY TO SATISFY YOUR CUSTOMERS?

CATEGORIES	Need fewer brands in this category	Current amount is fine	Need more in this category
PERISHABLES CATEGORIES			
Refrigerated Meats	12 %	71 %	17 %
Dairy	4	64	32
Frozen Foods	11	33	56
- Entrées/Dinners	18	46	36
- Breakfast Foods	18	48	34
- Vegetables	21	66	3
- Juices	17	72	11
- Ice Cream	11	50	39
TOTAL PERISHABLES	**15 %**	**58 %**	**27 %**
DRY GROCERY CATEGORIES			
Baby Foods	10 %	86 %	4 %
Baked Goods (packaged)	25	61	14
Breakfast Foods	37	50	13
Candy	11	72	17
Desserts	14	68	18
Baking Ingredients	21	69	10
Canned Fruits, Juices & Vegetables	30	53	17
Oils & Dressings	27	67	6
Specialty Foods	21	55	24
Soft Drinks	14	69	17
Prepared Beverages	20	68	12
Beer & Wine	20	80	0
Snacks	20	50	30
Condiments & Sauces	23	70	7
Personal Soaps	17	79	4
Household Cleaners	23	73	4
Paper, Plastic & Foil Products	23	67	10
Household Supplies	11	81	8
Pet Foods & Supplies	38	38	24
Tobacco Products	50	42	8
Laundry Supplies	21	76	3
TOTAL DRY GROCERY CATEGORIES	**23 %**	**65 %**	**12 %**
HEALTH & BEAUTY AIDS CATEGORIES			
Baby HBA	12 %	76 %	12 %
First Aid	19	65	16
Skin Care	22	70	8
Cosmetics	12	68	20
Nail Care	31	50	19
Hair Care	52	37	11
Deodorants & Antiperspirants	45	48	7
Bath & Shower Products	11	85	4
Feminine Hygiene Products	24	60	16
Shaving Needs	19	70	11
Oral Hygiene Products	30	52	18
OTC Remedies	23	42	35
TOTAL HBA CATEGORIES	**25 %**	**61 %**	**14 %**
GENERAL MERCHANDISE CATEGORIES			
Auto Supplies	21 %	63 %	16 %
Batteries	13	74	13
Film	4	88	8
Video Tapes	17	66	17
Audio Tapes	15	65	20
Writing Implements, Stationery & School Supplies	13	63	24
Pantyhose & Apparel	4	79	17
TOTAL GENERAL MERCHANDISE	**12 %**	**72 %**	**16 %**
TOTAL ALL CATEGORIES	**21 %**	**64 %**	**15 %**

Most operators feel that they currently stock enough different products to satisfy their customers. Dry grocery and HBA categories are among those which many feel that they could get by with fewer products.

Continued on page 109

POOR YEAR FOR HBA ENDS WITH DISMAL DECEMBER SALES

Recession, weather and dearth of innovative new products are cited as reasons for the decline from 1989 unit sales levels.

BY ALAN B. MILLER JR.

Anyone expecting a year-end upturn in food store sales of health and beauty aids was disappointed as the volume tabulations for the 28-day SAMI tracking period ending December 28, 1990, were completed. Unit volume in all 57 HBA categories combined fell 6.7% below the level in the corresponding year-ago period, and sales for the full 52-week period were also in the minus column.

Of small comfort perhaps, annual unit sales in the other four product departments were also below the 1989 levels, albeit to a lesser extent. Unit sales of dry grocery non-food items were down 1.8%, whereas the decline for refrigerated foods was a minuscule 0.2%. Unit sales in the December reporting period were also below last year's level in all five product departments.

Dollar decline lower

As a result of inflation and some upgrading of purchases in the product mix, the HBA dollar loss for the four-week span was only 3.5%. The only other product department with a four-week dollar loss was the 1.7% decline for dry grocery non-food. Each of the three food departments enjoyed four-week dollar increases: dry grocery: food (+1.4%), frozen (+2.2%) and refrigerated (+5.3%). For the full year all five product departments exhibited dollar volume advances ranging from 1.0% for dry grocery: non-food and 1.7% for HBA to highs of +8.8% in the case of refrigerated foods and +4.4% for frozens.

The year-end weakness of health and beauty aids items was not limited to food outlets. In drugstores nationally, the 57 category total fell 7.5% in units and 3.2% in dollars. Although proprietary medicines and beauty enhancement products are often regarded as recession-proof, each period of economic weakness displays exceptions to the generally recognized rules. During the 1981 recession, for example, private labels flourished, although traditionally, price brands fare poorly when times are tough. The year-end weather patterns in much of the country, especially versus the unusual frigid conditions in December 1989, may have affected HBA buying patterns in 1990. Sales of cold remedies fell sharply without exception, and weather may also help to explain December losses as high as 24.7% for hand and body cream and lotions and 16.9% for lip care products.

A third factor that may have contributed to poor sales showings for HBA categories throughout the year is the absence of high-volume innovative new products, which often serve to expand overall volume. However, even such new product successes as Gillette's Sensor Razors, Helene Curtis's Degree, or Warner-Lambert's Medi Flu were unsuccessful in providing upward trends for the categories in which they were competing. During the December reporting period, only one product group managed to show a unit gain—personal needs, where sales advanced a scant 1.3% as a result of the continuing rapid growth of home testing kits.

Percentagewise, the highest product group decline was a 15.2% loss among skin care aids resulting from the skids for hand and body creams/lotions and skin care aids. But the most devastating dollar decline for product groups was the 9.2% loss for high-volume proprietary remedies. Four-week unit sales were 8.7 million below the 1989 December level.

In spite of the fact that baby

Continued on page106

HEALTH & BEAUTY AIDS
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	**4 WEEKS ENDING 11/2/90**	**4 WEEKS ENDING 11/30/90**	**4 WEEKS ENDING 12/28/90**
BABY NEEDS	**- 6.9%**	**- 1.7%**	**- 7.3%**
Baby Powders	- 9.8	- 1.0	+ 2.3
Baby Oils, Creams & Lotions	- 9.1	- 5.3	- 16.6
Infant Clothes	- 15.7	- 6.5	- 11.4
Nursing Supplies	- 2.4	+ 2.1	+ 0.3
MISC. PERSONAL NEEDS	**+ 7.6%**	**+ 6.4%**	**+ 1.3%**
Contraceptives	+ 8.0	+ 1.6	- 2.7
Personal Lubricants	+ 4.3	+ 23.5	+ 5.4
Home Testing Kits	+ 21.2	+ 16.1	+ 18.5
Thermometers	- 2.8	+ 3.8	+ 0.2
DEODORANTS	**- 5.8%**	**- 3.9%**	**- 3.9**
Sprays	- 12.8	- 11.9	- 10.6
Roll-Ons	- 12.3	- 13.4	- 14.2
Stick Deodorants & Pads	- 0.5	+ 6.9	+ 3.7
Creams	- 11.6	- 14.6	- 12.2
Deodorants & Talcum Powders	- 16.4	- 28.4	- 19.2
Feminine Hygiene Deodorants	- 9.6	- 5.3	- 6.3
Foot Deodorants & Athlete's Foot Remedies	+ 4.2	+ 7.4	+ 11.0
Feminine Douches	- 2.4	- 9.2	- 3.7
FIRST AID	**- 2.2%**	**- 6.7%**	**- 6.0%**
Antiseptics	+ 3.3	+ 1.7	- 1.5
First Aid Products	- 4.4	- 9.5	- 7.8
Elastic Goods & Dressings	+ 40.4	+ 26.0	+ 40.0
HAIR CARE NEEDS	**- 5.0%**	**- 1.8%**	**- 3.2%**
Shampoos	- 6.2	- 2.7	- 2.5
Hair Sprays	- 5.8	- 0.5	- 5.4
Hair Conditioning Rinses	- 2.9	- 1.8	- 2.9
Hair Setting Needs	+ 1.8	+ 3.1	+ 2.8
Home Permanent Kits	- 14.6	- 13.8	- 10.6
Hair Coloring	- 4.4	- 2.8	- 1.8
Hair Dressing Needs	- 6.6	- 7.3	- 9.4
ORAL HYGIENE	**- 2.8%**	**- 5.5%**	**- 4.4%**
Toothpastes & Powders	- 3.0	- 4.9	- 3.2
Mouthwashes	- 4.7	- 10.5	- 12.5
Breath Fresheners	- 0.8	- 4.5	- 0.4
Denture Cleaners	+ 2.6	- 2.2	- 4.8
Denture Adhesives	- 6.7	- 3.5	- 10.4
Toothbrushes	- 2.2	- 5.9	+ 1.2
Dental Aids	+ 6.1	+ 9.6	+ 3.1
PROPRIETARY REMEDIES	**- 3.9%**	**- 2.2%**	**- 9.2%**
Antacids	- 2.5	- 1.9	- 2.0
Internal Analgesics	- 5.2	- 7.9	- 9.2
External Analgesics	+ 10.1	+ 3.8	+ 3.1
Cold Remedies	- 2.5	+ 4.9	- 12.9
Nasal Sprays/Drops/Inhalers	- 4.0	+ 1.3	- 12.1
Chest Rubs	+ 0.1	- 3.8	- 14.6
Cough Remedies	- 4.8	+ 1.7	- 16.1
Laxatives	- 3.7	- 3.5	- 5.8
Sleeping Aids	+ 6.1	+ 6.0	+ 4.8
Tranquilizers	- 15.4	- 19.3	- 13.0
Eye Care Products	- 5.6	- 3.2	- 3.0
Appetite Suppressants	- 13.7	- 21.4	- 24.2
Synthetic Vitamins	- 12.3	- 12.3	- 11.9
Natural Vitamins	+ 1.1	- 1.1	+ 4.6
Misc. Proprietary Remedies	+ 1.2	- 1.0	- 1.9
SHAVING NEEDS	**- 2.8%**	**- 3.7%**	**- 4.6%**
Shaving Creams	- 0.8	- 1.3	- 4.0
Pre-Shave Lotions	- 7.1	- 10.5	- 3.4
After-Shave Lotions	- 10.8	- 6.9	- 13.8
Razor Blades	- 2.6	- 4.2	- 3.6
SKIN CARE AIDS	**- 0.8%**	**- 4.6**	**- 15.2%**
Hand & Body Creams & Lotions	- 9.2	- 13.2	- 24.7
Facial Preparations	+ 3.8	+ 9.9	+ 1.7
Lip Care Products	+ 7.6	- 3.1	- 16.9
Suntan Lotions & Oils	+ 84.2	+ 41.1	+ 1.6
Cosmetic & Medicated Skin Aids	- 1.4	+ 0.5	+ 2.2
TOTAL ALL CATEGORIES	**- 3.8%**	**+ 3.3%**	**- 6.7%**

BRAND SHARE BY CATEGORY

Continued from page 59

MISC. WOMEN'S HBA (BASE = WOMEN)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Sanitary Napkins	11.1	10.6	10.6	32.3	40.0	**-19.2**	6	9	11	10	+1	○
Shaving Cream/Gel	20.8	14.1	12.0	46.9	48.0	**-2.3**	4	6	7	8	-1	◔
Soap, Personal Care, Bar	15.2	14.7	10.6	40.5	—	—	5	9	11	—	—	◔
Soap, Personal Care, Liquid	27.6	27.0	18.1	72.7	—	—	2	3	4	—	—	◕
Tampons	36.6	18.4	11.6	66.6	94.9	**-29.8**	2	4	4	2	+2	◕
AVERAGE	27.7	13.7	10.4	51.8								

At the other end of the spectrum, the two feminine hygiene products together register a combined six-brand share that exceeds 90%, making it easy to identify and stock the leaders—just two will do the trick—to the exclusion of all others. Both sanitary napkins and tampons have experienced an erosion in brand concentration over the last five years, making it necessary to add two more brands to each category to meet 75% of sales demand.

ORAL HBA (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Canker Sore/Gum/Toothache Remedies	31.9	25.4	19.7	77.0	82.2	**-6.3**	2	3	3	3	0	◕
Dental Floss	66.3	10.1	3.3	79.7	84.6	**-5.8**	1	2	2	1	+1	◕
Dental Rinse	52.6	26.1	8.4	87.1	—	—	1	2	2	2	0	●
Denture Cleaners	44.0	26.1	15.9	86.0	82.9	**+3.7**	2	2	3	3	0	●
Denture Adhesives/Fixatives	36.3	19.0	15.6	70.9	49.0	**+44.7**	2	3	4	7	-3	◕
Mouthwash	27.5	21.1	9.3	57.9	65.2	**-11.2**	3	5	6	5	+1	◐
Toothbrushes	28.0	15.3	9.5	52.8	54.9	**-3.8**	3	5	8	—	—	◐
Toothpaste	17.8	14.4	12.6	44.8	45.2	**-0.9**	4	6	7	8	-1	◔
Tooth Polish	28.1	17.3	14.8	60.2	—	—	3	—	—	—	—	◐
AVERAGE	36.9	19.4	12.1	68.4								

With the exception of HBA for babies and children, oral HBA shows the highest brand concentration in the HBA department. Underpinning this is the presence of such high-concentration categories as dental floss (with the top three brands covering 79.7% of demand), dental rinse (87.1%) and denture cleaners (86.0%). Of these, dental floss has the most dominant #l brand (66.3%).

Not unexpectedly, the highly competitive toothpaste category displays the lowest brand concentration, with the #1 brand pulling only 17.8% of sales. Buyers whose goal it is to stock enough brands to satisfy 75% of demand would need to authorize seven brands.

REMEDIES/MISC. HBA (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES)						NO. OF BRANDS NEEDED TO REACH:					BRAND CONCENTRATION QUINTILE
	#1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	
Asthma Relief Remedies	52.7	19.8		72.5	78.7	**-7.9**	1	2	—	3	—	◕
Cold/Sinus/Allergy Remedies	8.3	6.6	6.4	21.3	27.1	**-21.4**	10	17	23	18	+5	○
Cough Syrup	21.2	12.7	10.3	44.2	61.6	**-28.2**	4	7	10	5	+5	◔
Diet Pills	61.4	11.6	9.8	82.8	81.4	**+1.7**	1	2	3	2	+1	●
Diarrhea Remedies	46.5	26.9	10.9	84.3	90.6	**-7.0**	2	2	3	2	+1	●
Eye Drops/Eye Wash	31.4	13.1	10.1	54.6	59.7	**-8.5**	3	5	7	7	0	◐
Headache Remedies/Pain Relievers	14.4	12.2	11.0	37.6	38.3	**-1.7**	6	11	15	15	0	○
Indigestion/Upset Stomach Remedies	19.4	18.1	9.1	46.6	38.8	**+20.1**	4	6	8	8	0	◔
Hemorrhoid Remedies	54.2	14.7	14.4	83.3	81.4	**+2.3**	1	2	3	3	0	●

Who cares if there's no cure for the common cold? There are regiments of over-counter products that are poised to do battle with the symptoms. Small wonder that the share of sales claimed by the top three brands, an anemic 27.1% five years ago, has been attenuated to an even thinner 21.3% since then, with the #1 brand scoring only 8.3% of sales. As a result, the number of brands required to meet a 75%-of-sales goal has ballooned over the same period from 18 to 23.

For only one of the many remedies categories included here has brand concentration increased, as users of indigestion/upset stomach remedies have been increasingly finding relief from one of the top three brands. While these brands

THE FIVE QUINTILES: ● Far above average—Above 81% ◕ Above average—65.1 to 80.9%

◐ Average—51.6 to 65% ◔ Below average—38.1 to 51.5% ○ Far below average—Under 38.1%

Source: Mediamark Research Inc.

BRAND SHARE BY CATEGORY

REMEDIES/MISC. HBA (BASE = ADULTS)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Laxatives	30.8	14.7	10.6	56.1	56.0	**+0.2**	3	5	7	8	-1	◐
Nasal Sprays	30.5	13.3	12.5	56.3	60.6	**-7.1**	3	4	5	5	0	◐
Sleeping Tablets	29.3	22.9	15.9	68.1	68.6	**-0.7**	2	3	—	4	—	◕
Throat Remedies, Medicated	29.1	21.3	12.4	62.8	67.7	**-7.2**	2	4	5	4	+1	◐
Pain Relieving Rubs/Liquids	32.6	11.4	11.1	55.1	66.7	**-17.4**	3	5	6	4	+2	◐
Vitamin Tablets/Capsules/Liquids	13.2	3.5	3.1	19.8	18.7	**+5.9**	—	—	—	—	—	○
Contact Lens Cleaning Solutions	38.9	14.4	11.6	64.9	—	—	2	4	5	—	—	◐
Pregnancy Test, In-Home	40.0	25.2	10.2	75.4	—	—	2	3	3	—	—	◕
AVERAGE	32.6	15.4	10.0	58.0								

While these brands claimed only 38.8% of sales five years ago, that proportion has risen to 46.6%, making housekeeping in this section somewhat easier.

For many of these product categories, two, three or four brands is all that's needed to satisfy 75% of demand. The greatest exception in addition to the cold remedies mentioned above is headache remedies and pain relievers, where it takes 15 brands to do the job, the same as five years ago.

Vitamins are a problematic category, with consumer allegiances spread over so many brands with such minute brand shares that even the #2 and #3 brands can scarcely achieve 3% shares.

SKIN CARE/SHAVING, MEN'S (BASE = MEN)	THREE TOP BRANDS (% OF SALES) #1	#2	#3	Total Today	Total 5 Yrs Ago	Today vs. 5 Yrs Ago	NO. OF BRANDS NEEDED TO REACH: 50% Today	67% Today	75% Today	75% 5 Yrs Ago	Today vs. 5 Yrs Ago	BRAND CONCENTRATION QUINTILE
Antiperspirant/Deodorant	16.1	10.1	6.0	32.2	35.4	**-9.0**	9	18	23	17	+6	○
Aftershave Lotion/Cologne	15.8	9.7	8.5	34.0	34.6	**-1.7**	6	11	13	11	+2	○
Complexion Care Products	16.4	8.4	7.9	32.7	34.6	**-5.5**	6	9	11	21	-10	○
Disposable Razors	35.0	22.8	11.8	69.6	84.4	**-17.5**	2	3	4	3	+1	◕
Facial Cleansers	24.5	11.2	6.7	42.4	—	—	5	9	12	—	—	◔
Facial Toners	23.2	18.6	17.6	59.4	—	—	3	4	—	—	—	◐
Body/Hand Cream/Lotion/Oil	22.6	7.6	6.8	37.0	34.6	**+6.9**	7	12	15	17	-2	○
Medicated Skin Ointment	23.5	13.4	10.0	46.9	54.8	**-14.6**	4	7	9	—	—	◔
Razor Blades	22.7	20.5	17.2	60.4	60.5	**-0.2**	3	5	7	8	-1	◐
Shaving Creams/Gels	25.4	16.6	13.3	55.3	44.1	**+25.4**	3	5	7	8	-1	◐
Soap, Personal Care, Bar	15.5	15.2	9.9	40.6	—	—	4	7	9	—	—	◔
Soap, Personal Care, Liquid	36.2	24.5	12.2	72.9	—	—	2	3	4	—	—	◕
Pre-Electric Shave Lotion	37.6	35.6	19.1	92.3	90.8	**+1.7**	2	2	3	3	0	●
AVERAGE	24.2	16.5	11.3	52.0								

The lowest incidence of brand concentration here is registered by men's deodorants and antiperspirants, where the top three brands account for only 32.2% of sales. This means that even to meet 50% of sales, a store must stock nine brands, with the number skyrocketing to 23 to meet 75% of sales.

When it comes time to shave, however, men are somewhat more loyal to the front-runners, with the top three brands bringing in 60.4% of razor blade sales and 55.3% for shaving cream. In the case of the latter, brand concentration has shown a substantial growth over the past five years (from 44.1% to 55.3%), the only category in this section where such a trend can be noted.

	#1	#2	#3	Total Today								
AVERAGE, ALL CATEGORIES	32.1	16.7	9.6	58.4								

THE FIVE QUINTILES:
- ● Far above average—Above 81%
- ◕ Above average—65.1 to 80.9%
- ◐ Average—51.6 to 65%
- ◔ Below average—38.1 to 51.5%
- ○ Far below average—Under 38.1%

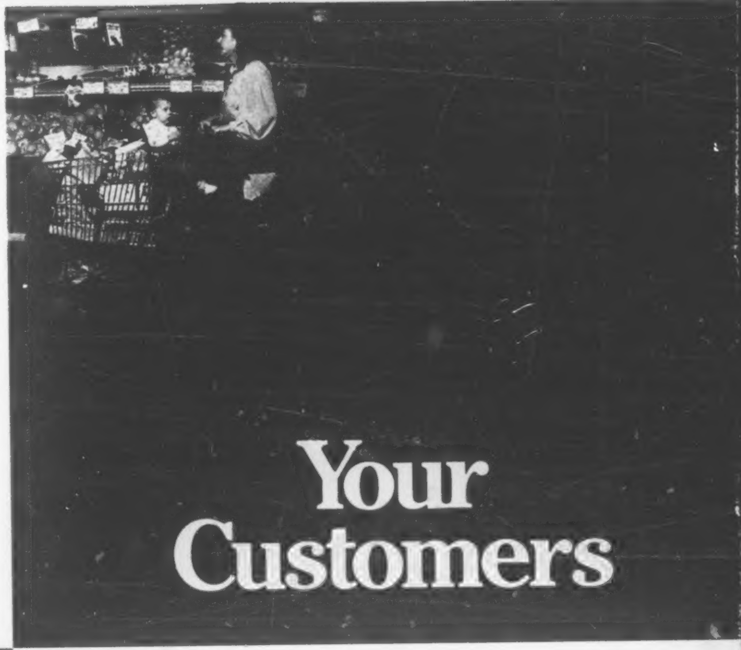
Source: Mediamark Research Inc.

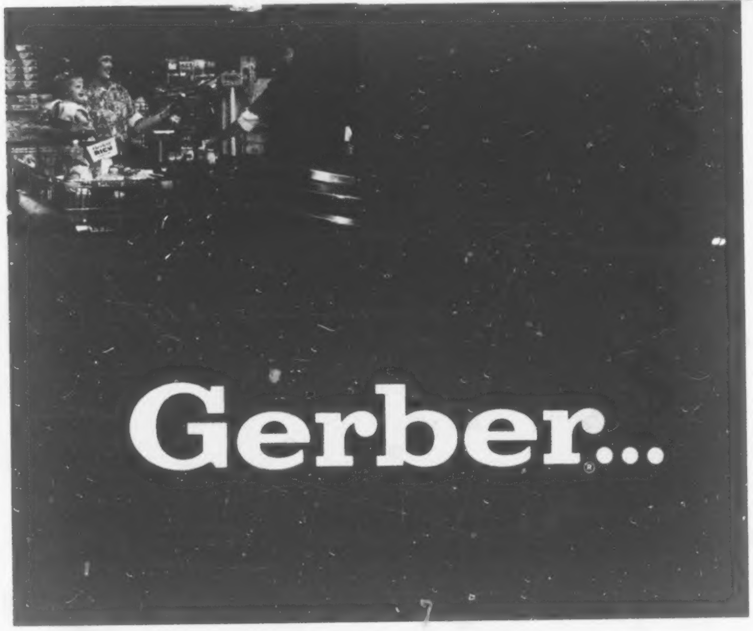
SAMI UPDATE

Continued from page 103

needs volume declined 7.3%, there were gain rates in two of the four product categories. The 2.3% gain for baby powders can be attributed to the national roll-out of Mennen, the sales strength of Caldesene, and a slight improvement for private labels. Two brands that supplied plus volume in the nursing supply category were Gerber's Nuk and Playtex's Cherubs, which completed national distribution.

In the personal needs product group, four-week sales of contraceptives declined 2.7%, although the leading brands, Trojans and Trojan-Enz, have been exhibiting consistently strong performance. Part of the gain for personal lubricants can be credited to the completion of national availability of Replens. All major brands of home testing kits except First Response had double-digit gain rates.





Only two out of eight categories of personal deodorants had four-week unit volume gains. New product launchings and rollouts were responsible for a 3.7% gain among stick deodorants and pads. The brand new sticks included Lady Speed Teen Spirit Stick and Jovan Actives. Both Degree and No Sweat completed national distribution. The other major gain was provided by Faberge Power Stick. The other category gain was an 11.0% increase for foot deodorants and athlete's foot remedies, where the national launch of Schering's Lotrimin has expanded category volume.

The only gain in the first aid product group was a 40.0% jump for elastic goods and dressings, artificially created by the addition of items not tracked in the comparable year-ago period. There were three other major new products introduced: Caladryl Antiseptic, and Sesame Street and Ninja Turtle bandages.

Sales of hair care needs fell 3.2% and the only product category with a plus trend was hair setting needs (+2.8%), where Rave was new and L'Oreal Studio, Suave, Salon Selectives, L.A. Looks and Aussie had increased sales.

Among shampoos, two of the three top brands, Pert Plus and Suave, demonstrated double-digit gain rates and new entries included Vidal Sassoon Ultra Care, Fisher Price, Revlon Flex & Go, and L'Oreal Colorvive. There were no major new hair spray introductions and the only new product of note among hair conditioning rinses was L'Oreal Colorvive. Toni Epic Wave has all but disappeared in home permanent kits.

Two oral hygiene categories showed four-week plusses: toothbrushes (+1.2%) and dental aids (+3.1%). The focus brand among tooth paste and powders was Arm & Hammer Dental Care, which now enjoys food store volume nearing the $40 million level.

The brightest spot in the mouthwash category has been the national launch of Act for Kids. Private labels have been enjoying strong growth. Warner-Lambert has introduced Fresh N Brite Denture Cleaner but the volume for this new brand was not sufficient to bring about a category gain.

Proprietary remedies

Out of 15 categories of proprietary remedies, there were only three with four-week growth. A gain of 3.1% for external analgesics can be traced to the strong performance of five major brands: Aspercreme, Mineral Ice, Eucalyptamint, Flex-All 454 and Sportscreme. The 4.8% improvement among sleeping aids was aided by the national debut of Sominex Dosage I and an advance for Nytol.

The Nature-Made line of natural vitamins, minerals and supplements helped create a category gain. Strong proprietary remedy brands in categories with loss rates included: Imodium anti-diarrhea, Tylenol and Theraflu cold remedies, Nasal nasal spray, CibaVision and Centrum vitamins. Dimetapp cough remedy was new and national.

There were four-week unit volume losses in each of the four categories of shaving needs, placed by a 13.8% decline for after shave lotions in the important year-end holiday season. Shaving cream sales shrank 4.0% in spite of high gain rates for Soft Sense and Brut 33. In the razor blades category, Gillette Sensor has become the number one brand in the category. There was also strong performance by Daisy Ladies Plus, Schick Slim Twin Disposable and Lady Bic.

As noted previously, the highest loss rate for a product group was the 15.2% erosion among skin care aids. But there were four-week unit sales gains in three of the five categories: facial preparations (+1.7%), suntan lotion-suntan oil (+1.6%), and cosmetic and medicated skin aids (+2.2%).

In the beleaguered hand and body cream/lotion category, the only major brand sales gains were achieved by Suave, St. Ives, Eucerin, Nivea Skin Oil and Nature's Family. Most of the honors in the facial preparations category belong to Oil of Olay Lotion, St. Ives, L'Oreal Plenitude and a national launch of Olay. Changes among brands of suntan lotion-suntan oil lack significance in the aseasonal December period. ■

BRAND LOYALTY

Continued from page 66

care, deodorant, pet food, and breakfast food products.

All in all, retailers expressed satisfaction with the scope of the products they carried.

There was no great outcry about too many brands flooding the market and taking over the shelves. As a general rule, retailers and consumers have learned to live with what they both feel is necessary to have on their supermarket shelves. ■

Brand Loyalty

	Categories With Strongest Loyalty		Categories With Weakest Loyalty
1.	Baby Foods	1.	Breakfast Foods
2.	Film	2.	Refrigerated Juices
3.	Dairy	3.	Snacks
4.	Baby HBA	4.	Desserts
5.	Batteries	5.	Laundry Supplies
6.	Ice Cream	6.	Writing Implements, Stationery
7.	Panty Hose & Apparel	7.	Bath & Shower Products
8.	Oral Hygiene Products	8.	Canned Juices, Drinks, Vegetables
9.	Refrigerated Meats	9.	Audio Tapes
10.	Cosmetics	10.	VideoTapes

Do You Need More Brands Or Fewer Brands In A Category To Satisfy Consumers?

	Categories Needing More Brands		Categories Needing Fewer Brands
1.	Dairy	1.	Hair Care
2.	Frozen Juices	2.	Tobacco Products
3.	Frozen Foods	3.	Deodorants & Antiperspirants
4.	OTC Remedies	4.	Pet Foods & Supplies
5.	Frozen Entrées/Dinners	5.	Breakfast Foods (packaged)
6.	Refrigerated Meats	6.	Nail Care
7.	Snacks	7.	Canned Juices, Drinks, Vegetables
8.	Specialty Foods	8.	Oral Hygiene Products
9.	Writing Implements, Stationery	9.	Oils & Dressings

PRODUCE

Continued from page 107

Distributors Association (Nogales).

These fruit and vegetable associations of Mexico contribute to a promotional fund that is administered by a company in, of all places, Santa Claus Lake, Maine. An aggressive field merchandising and market support program is competently carried out by this organization that has many years of experience with Mexican produce.

Early spring boost

The months of March, April and May represent nearly 40 percent of the total exports from Mexico to the U.S., and some of the most profitable and fastest growing categories in the produce department get a huge boost during this early spring period. The major items are the following:

- **Melons:** Well over 600 million pounds will come north in the three-month period of March, April and May: 300 million pounds of watermelons, 225 million pounds of cantaloupes and over 70 million pounds of honeydews. In April alone nearly 235 million pounds of melons will cross the border.
- **Tomatoes:** Although shipments peak in February, 223 million pounds reach the U.S. from Mexico in the March, April, May period—about 30 percent of the year's total. (Twenty-five million pounds of cherry tomatoes add to that total.)
- **Bell peppers:** It's the biggest time of year for peppers, with 65 million pounds being shipped north in March and April.
- **Mangoes:** The start of the mango imports from Mexico (which ships a total of 124 million pounds to the U.S.) takes place in these early spring months, with 27 million pounds shipped.
- **Other major items:** Dry onions, 150 million pounds; cucumbers, 100 million pounds; squash, 85 million pounds; celery, 11.5 million pounds.

Altogether, the months of March, April and May represent 1.7 billion pounds of fresh fruits and vegetables from Mexico—about 7 pounds per capita for all of us in the U.S. At an estimated retail of over a billion dollars, that's big business for supermarkets. ■

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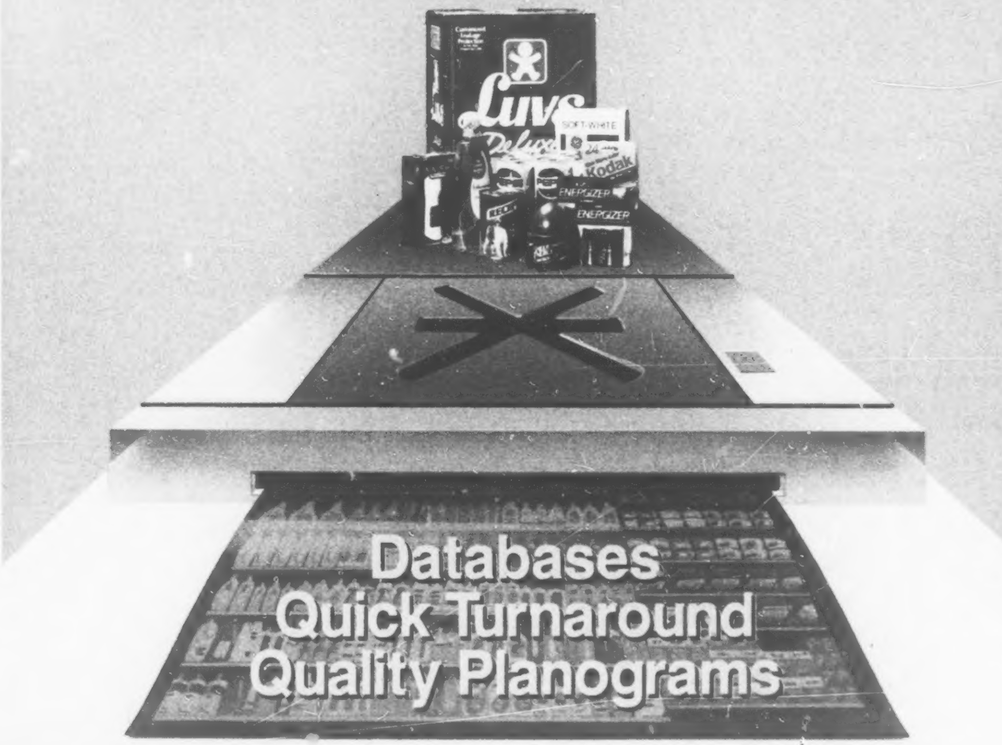

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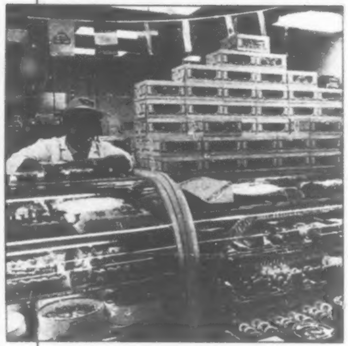
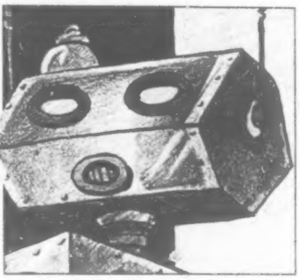
Page 25

Page 35



Page 65



Page 17

FEATURES

ADRIEN'S TAKES ON THE BEST... AND THRIVES MIKE DUFF AND FRANK HAMMEL **25**

Five years ago, when The Real Superstore moved into Lafayette, La., some 13 stores went down. Today, Adrien's is opening its third store and Albertson's is opening a second store. As for The Real Superstore? Rumors are flying.

AT BARLOW FOODS, UPSCALE AMBIENCE WITH LOWER PRICES HOWARD RIELL **35**

Through an expansion and redesign, one Minnesota store has sought to reinforce customer perceptions of freshness, service and quality while adopting an aggressive pricing strategy.

MAKING MORE OUT OF THE MICROWAVE MIKE DUFF **45**

By creating convenience food programs that capitalize on widespread microwave ownership, supermarkets can position themselves to better survive rough economic waters and tough competition from restaurants.

INSTORE BUSINESS

NINTH ANNUAL BAKERY OPERATIONS REVIEW **49**
DAVID LITWAK AND JANET TORRES CEPEDA

Over two-thirds of all U.S. supermarkets now have instore bakeries, bringing industry sales above the $7 billion mark. But the rate of growth continues to slow, falling from 8.6 percent in 1989 to 7.2 percent in 1990.

AT HERB'S FOOD: DRESSING UP A 'PLAIN JANE' STORE HOWARD RIELL **65**

The remodel of an Oklahoma chain's only warehouse store has proved so successful that the company has decided to follow the same format in its next store.

PREPARING FOOD ELAINE READER **72**

NONFOODS BUSINESS

WHY HALLOWEEN IN APRIL? MIKE DUFF **81**

Trick or treating is giving way to more and and more partying—and not just by kids. There's a whole new market out there in costumes, greeting cards and other paraphernalia. But you have to stock up now to take on the discounters.

SAMI UPDATE ALAN B. MILLER JR. **84**

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **5**
WASHINGTON BRIEFS..... **7**
TRADESCAN **11**
SUPPLIER SIDE........... **15**
TECHNOLOGY **17**
PRODUCE................ **21**
NEW PRODUCTS...... **74, 79**
CONTEST **86**
ADVERTISER'S INDEX **89**
CHECKOUT **90**

Cover Photos: bayou, Curtis Darrah; stores, Blake McWhirter

THE WONDERFUL WORLD OF NEW WAVE MARKETING

By Ken Partch, Editor-in-Chief

Reading my favorite business newspaper the other day, I came upon a fascinating article about the wonders of the new micromarketing. That's about how the marketing geniuses of the New Wave pinpoint their marketing efforts to just those customers who are heavy users, and to just those stores that these people shop. Makes absolutely dreamy good sense, doesn't it?

This is what the article said, in part:

> *The trend is possible thanks to new insights provided by the spread of checkout scanners, which are generating more sophisticated data on consumers and buying habits. Also a few big food companies and boutique research firms have begun correlating data on individual stores and shoppers . . . . —WSJ, March 18, 1991*

Pushing the dog off my face, and adjusting myself to a better position on the couch, my mind began to wander, and wonder, about the futuristic possibilities of this New Wave. I was unaware that things had progressed to this pretty pass. I got to thinking ... I think I'll go down to Grand Union and look around. Maybe something will come to me that will make my fortune in grocery marketing.

Just as I got to the parking lot and out of the car, I began to sneeze. No handkerchief and no Kleenex in the car. Oh well, it's raining, and it will soon wash off the parka.

Just as I walked up to the courtesy counter to cash a check, the clerk greeted me by name and asked how I would like my cash. I hadn't even gotten my checkbook out as yet. "I'll take a fifty and five tens," I mumbled. I didn't even know she knew my name.

I wrote the check for the hundred, still wondering what the hell was going on. Just as I was turning around to head down the grocery aisles, I felt a tap on my shoulder. The manager, whom I recognized, but had never spoken to in the twenty years I had shopped the store, nor he to me, was standing behind a fully loaded shopping cart. "It's all right here waiting for you, Mr. Partch."

"What is?" I snapped.

"Your groceries. Your wife called and said you were on the way."

"Oh did she?," I said, with a tinge of sarcasm. "And did she read you the whole shopping list over the phone?"

'Scanners are generating more sophisticated data on consumers and buying habits . . . .' —*WSJ*
I didn't know that.

"No, she didn't have to. We've got it all in the computer and the scanner, you know," he said with a confident smile.

"You've got what in the computer?" I snarled.

"We know all your shopping habits, brand preferences, and we even know when you are going to run out of certain items. Of course if you'd like to do some impulse buying, go right ahead, the cart will be here waiting for you. Oh yes, it's a little under the 100 bucks you just picked up so you've got some extra cash. Or, you can use your debit card, and EFT will do the rest."

"Thanks," I said suspiciously. "Thanks a lot."

"And, oh yes, we even deducted the coupons you were going to use."

"How'd you know I was going to use coupons, read my mind?" I asked.

"No, no, no," said the manager, who tends to speak in threes. "Your wife punched them into your home computer and right to the coupon clearing house. We get a copy ..."

"I know, I know, right into the scanner."

"Tell me," I said, more than a little annoyed, there was something insidious about all this and I didn't like it, "tell me, how did you know that I was going to shop Grand Union? I could have gone to Grade A, or to Stop & Shop? Tell me that."

"Simple. You were nearly out of Irish 'Quick' Oatmeal, and we're the only ones who have it."

"The Good Food store on Route One has it. How did you know I wouldn't go there?" I asked triumphantly.

"We know you, Mr. Partch. Any time you can avoid it, you wouldn't be caught dead in the Good Food store. It's too snooty and phony for you. And it offends you to pay 50 cents more for something you can buy here. Right?"

He was right, dammit. But I still didn't like it. I wasn't sure why, but I was starting to get madder than hell. For some reason I didn't like coming into a supermarket and having some wise guy shove a fully loaded cart at me. Made me feel dumb.

"Tell me," I said, in my most menacing deadpan. "Why didn't you just send all this stuff to my house if you knew I wanted it? And just bill me? Tell me that."

"Next week," he said.

"Next week what?"

"Next week, home delivery."

I still wasn't too happy about it all, but started pushing the cart toward the door, after running my stuff through the checkerless checkout scanner.

As I reached the front door, the manager called to me. "We forgot the Kleenex; here it is."

"Oh so you *do* think of everything, after all," I said.

"No, no, no," he purred, "there are still a few bugs. I happened to see you touch your nose to the sleeve of your parka as you got out of your car.

A far off familiar voice was calling. "Dear, would you please go to the market, and do the shopping? And get that dog off the couch, he's on your face again."

Shopping...? I could have sworn... ■

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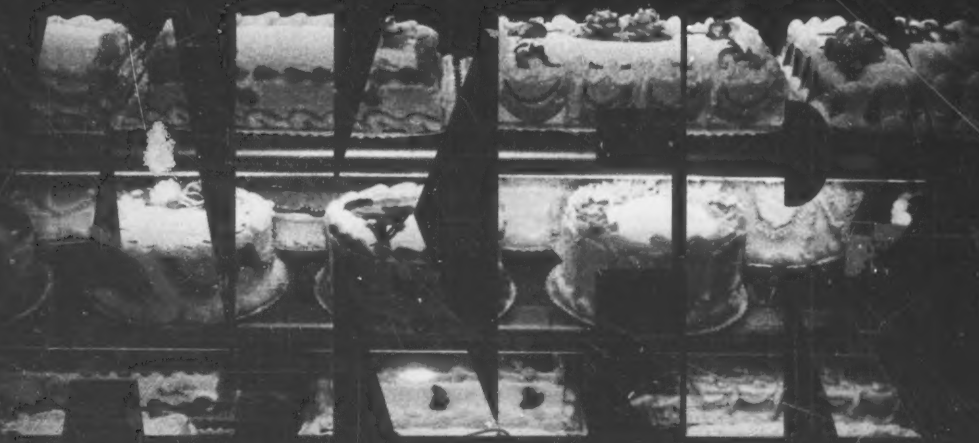
NINTHANNUA



Over two-thirds of all U.S. supermarkets now have instore bakeries, bringing industry sales abov the $7 billion mark. But growth continues to slow.

BY DAVID LITWAK AND JANET TORRES CEPEDA

CENSUS
50
SALES, MARGINS &PRODUCT MIX
54
LABOR & SERVICE
56
PRODUCTION & SUPPLY
58
MERCHANDISING & CUSTOMERS
58
SPACE, LOCATION & EQUIPMENT
62

■ An old business axiom postulates that the healthiest climate for an industry is the period between skyrocketing growth and limp decline. That time of unspectacular, but steady, growth is to be sustained as long as humanly possible.

This is an apt description of the business climate within the nation's supermarket bakeries in 1990. Growth, steady but unspectacular, was the watchword of the industry.

"Tighten up operations and expand whenever feasible" was the way retailers ran their bakeries. For those who followed this philosophy, the results were gratifying.

The instore bakery grew at a rate of 7.2 percent last year, which was down slightly from the 8.6 percent growth in 1989, and down substantially from the blockbuster surge of 27.8 percent in 1988. Sales in the instore bakery reached $7.12 billion in 1990.

Whether you consider 1990's sales growth a disappointment compared to that of prior years, or merely a natural calming in the growth of the industry from the skyrocket ride it had in 1988, one thing is certain: The instore bakery is still exhibiting good, steady growth, and at a level that is much mor reasonable and manageable than in 198

Two factors contributed fairly evenly the growth of the instore bakery. One fa was the number of bakeries in operation About 464 new bakery units opened up year, bringing the total number of instor bakeries to 20,694. This was an increase the number of bakeries of 2.3 percent. T are now bakeries in 67.3 percent of all t nation's supermarkets.

The second factor affecting bakery gr was the increased sales per bakery. The average weekly sales in each bakery we $6,617 in 1990, up 4.9 percent from 198 $6,311 level.

The number of bakeries in operation i factor of the level of penetration of bake in supermarkets. With a penetration of 67 percent, there will not be very many bakery units opening in any given year. Therefore, the industry cannot expect to grow substantially simply by introducin more outlets as it did in 1988.

The average sales per bakery is really figure that bears watching most closely. bakery department is going to significan

INSTORE BAKERY

CENSUS

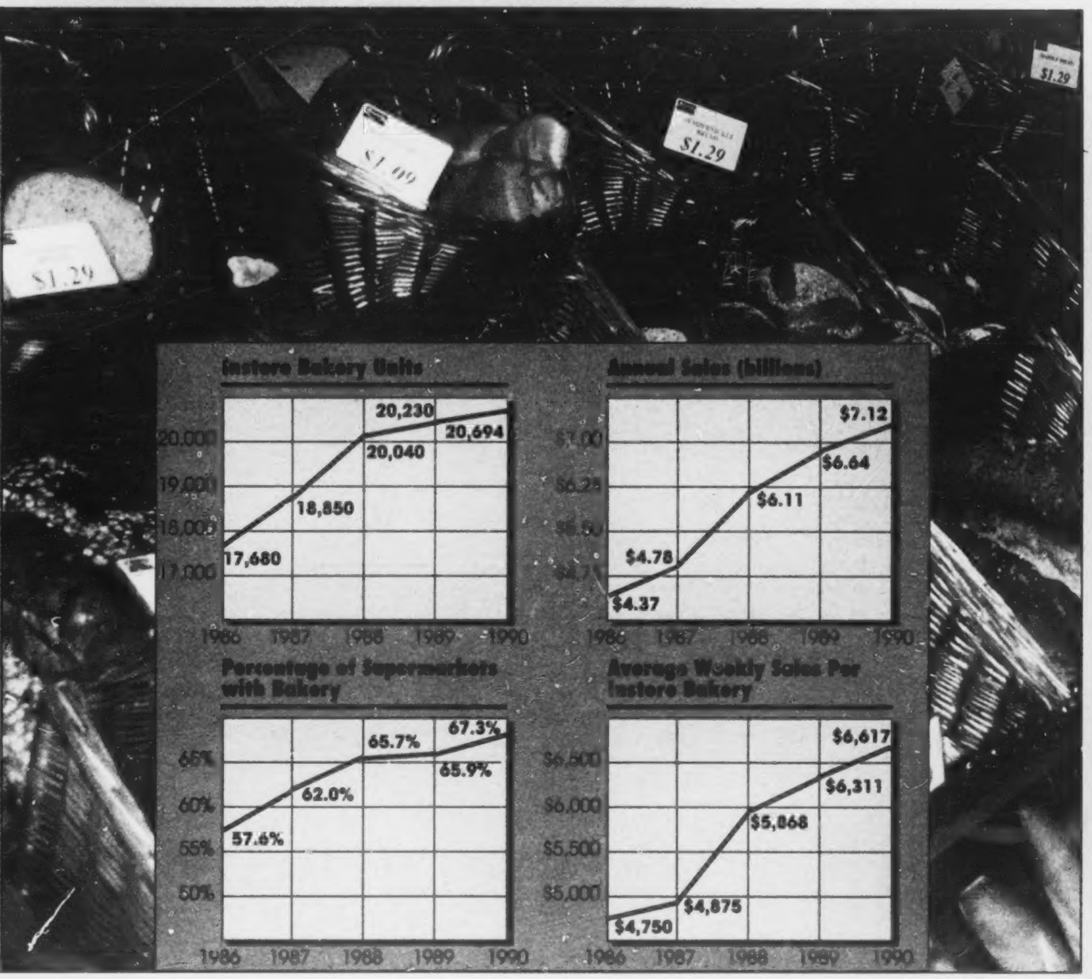
Bakery sales grew at a slightly slower pace last year than in previous years. In 1990 instore bakery sales were up 7.2 percent over their 1989 levels. With sales of over $7 billion, the instore bakery reached an all-time high.

Part of this gain was due to an increase of 464 in the number of operating bakeries in supermarkets, bringing the total number of units to 20,694. This puts a bakery in 67.3 percent of the nation's supermarkets.

An increase in weekly sales per instore bakery unit accounts for the rest of the 1990 sales increase. On average, the weekly sales per bakery increased 4.9 percent to $6,617 per week.

Is Portion of Store Overhead Allocated Back to Instore Bakeries?

Yes	53%
No	47
Total	100%



Transactions in the department were the same size in 1990 as in 1989, averaging just over $2.00.

increase the volume of its sales, it will be reflected in the average weekly sales per unit.

Unfortunately, a 4.9 percent increase in weekly sales does not suggest any huge increases in volume last year. What the figure does suggest is a very modest volume gain per store coupled with increases in prices.

This interpretation is supported by traffic and transaction figures. Just short of 28 percent (27.6 percent) of the weekly transactions in an average supermarket include a bakery purchase. A figure that hasn't changed since last year.

Again, this doesn't mean that only 28 out of 100 consumers are bakery customers, it indicates that only 28 out of each 100 shopping trips include a bakery purchase. The customers who buy at the bakery do not necessarily buy from the department every time they come to the store.

To further substantiate the notion that not much volume was gained in bakery sales is the fact that the transactions in the department were the same size as in 1989. Both years the average bakery transaction amounted to just over $2.00.

Because both the number of shopping trips with a bakery transaction and the size of those transactions were the same as in 1989, the gain in bakery sales in 1990 did not contain large volume gains.

Profits and products

Steady growth in sales dollars did generate greater profits for the bakery. The average gross margin of the products sold by the department rose from 53.2 percent in 1989 to 56.2 percent. This indicates that the sales increases were not due to simply passing along the cost of goods in terms of price increases.

More importantly, the bakery has become more important than ever to the overall profit picture of the store. The contribution to the store's total profit coming from the instore bakery rose from 5.2 percent in 1989, to 6.5 percent in 1990. No any wonder 88 percent of the operators consider their bakeries to be legitimate profit centers as well as image builders for the store.

The bakery's reliance on breads and rolls as the mainstay of its product mix is starting to lessen somewhat. The combined share of instore bakery sales by white and variety breads and rolls has declined slightly, to 30.4 percent. This is a decrease of 1 percent of the share of the total sales.

Compare the current 30.4 percent share of departmental sales for breads and rolls to the share just four years ago, when it was 40.7 percent of bakery sales. The loss of a quarter of

INSTORE BAKERY

SALES, MARGINS & PRODUCT MIX

In terms of sales and profits, 1990 was a very good year for the instore bakery. Not only did total sales reach the $7.12 billion mark, but average weekly sales per bakery unit increased as well, and so did the bakery's share of total store sales (up to 2.8 percent from 2.6 percent a year ago).

The extra sales brought in during 1990 turned out to be more profitable sales. The average gross margin for the department rose from 53.2 percent in 1989 to 56.2 percent in 1990. Higher sales and better margins increased the section's average contribution to the profit of the total store to 6.5 percent, significantly up from the 5.2 percent level of the year before.

Fancy cakes, pies and other types of sweet goods did particularly well last year, all gaining in share of the bakery sales dollar. Although the percentage of sales coming from the traditional breads and rolls categories fell slightly or showed little growth, these categories continue to dominate the dollar sales of the department.

Average Weekly Sales

Mean **$6,617** Median **$6,981**

Weekly Sales By Format

	Mean
Superstore	**$10,443**
Superwarehouse Store	**$6,772**
Conventional	**$5,381**

Change in Dollar Sales (1990 vs. 1989)

Higher	**85 %**
No change	**6**
Lower	**9**
Total	**100 %**

Average Reported Increase **11 %**

Share of Total Store Sales

Mean **2.8%** Median **2.6%**

Percent of Total Sales by Format

Superstore	**2.5 %**
Superwarehouse Store	**2.1**
Conventional	**3.9**

Contribution to Store Profits

Mean **6.5%** Median **6.7%**

Percent of Store Profits

Less than 3.0%	**10 %**
3.0-4.9	**29**
5.0-6.9	**19**
7.0 or more	**42**
Total	**100 %**

Bakery Items/Lines Most Frequently Dropped or Decreased

—Variety Bread
—Croissants
—Danish
—Cookies

Bakery Items/Lines Most Frequently Added or Increased

—Low Cholesterol/Low Fat Products
—Mousse Cakes
—Bagels
—Mini Muffins

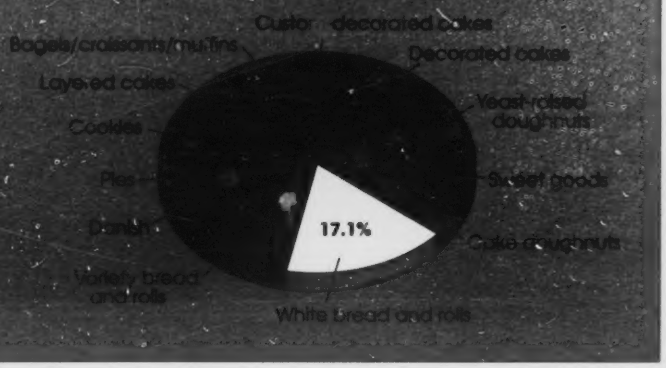
Gross Margin

Mean **56.2%** Median **58.3 %**

Less than 40%	**22 %**
40-49	**26**
50-59	**37**
60 or more	**15**
Total	**100 %**

Portioning Out the Instore Bakery Sales Dollar

Share of Sales



Instore bakeries generated a higher degree of profit last year than ever before. This is a result of rising shares of total store sales and higher gross margins.

its share of sales indicates that much of the increase in sales for the department came from the sweeter variety of products rather than bread.

The bakery still retains its health-conscious side, with low-fat/low-cholesterol muffins becoming one of the most often added or increased products in the section last year. Other often-added product lines show the diversity of the instore bakery—these include mousse cakes, bagels and mini-muffins.

Production–how and by whom

Production in the instore bakery continues to be a mixed bag. While 40 percent of the operations reported that bake-off is their major form of production, most companies indicated that they use more than one production method to create the full scope of their product mix.

In addition to the 40 percent that use bake-off as their major method, 27 percent use scratch or mix preparation most often, and 5 percent use mostly thaw and sell products. Twenty-eight percent said that they didn't have one major production method, but truly used a combination of all these methods to produce their products.

Whichever method the instore bakeries are using to produce their products, they seem to be doing it more efficiently. Labor costs in the bakery department went down last year.

It currently takes the equivalent of 7.5 full-time employees to staff the bakery, both in terms of production and customer service. This is down from the 7.8 full-time equivalent employees of a year ago.

The current employee line-up in the average bakery includes 4.3 full-time employees and 6.4 part-timers. Of course, this is only an average and it can vary greatly with the size, type and production set-up of the individual bakery.

For instance, 3 percent of the units report having 3 or fewer full-time equivalent employees, while 25 percent utilize 8 or 9 full-time equivalent workers, and 10 percent of the bakeries have more than 10 full-time equivalent employees.

INSTORE BAKERY

LABOR & SERVICE

About 60 percent of instore bakery sales are now self-service packaged items, with another 10 percent coming from self-service bulk items. This increase in self-service merchandising has helped decrease the amount of labor needed to run the department.

The number of full-time bakery employees now averages 4.3, down from 4.9 in 1989. The number of part-timers has also decreased to 6.4, bringing the average number of full-time equivalent employees in the bakery to 7.5. This brought the percentage of bakery sales that goes to pay labor costs down to 31.4 percent in 1990.

Number of Employees

Full Time	4.3
Part Time	6.4
Full Time Equivalent*	7.5

Full-Time Equivalent Employees

1-3	3%
4-5	12
6-7	50
8-9	25
10 or more	10
Total	100%

*2 part-time=1 full-time employee

Cake Decorating

Percent of Stores Offering	
Offer	88%
Do not offer	12

Time for Prep and Service

Breakdown of Labor Hours	
Customer service	41%
Other (incl. prep)	59
Total	100%

How Much for Labor

Labor as a Percent of Instore Bakery Sales	
Mean	31.4%
Median	28.5%
Under 26%	16%
26-30	41
31-35	18
36-40	16
Over 40	9
Total	100%

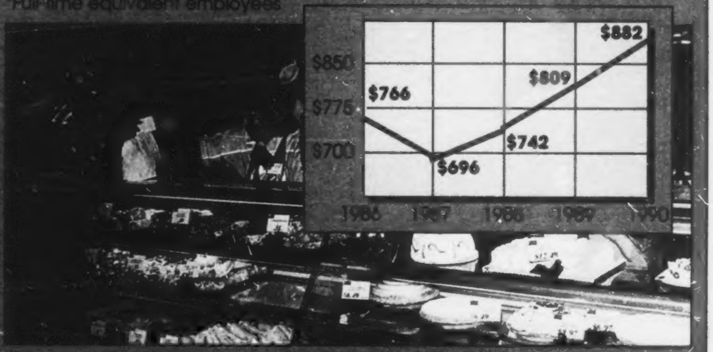
Average Weekly Sales Per Employee*

Mean	$882
$500 or less	3%
$501-$750	29
$751-$1,000	47
Over $1,000	21
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee*

*Full-time equivalent employees

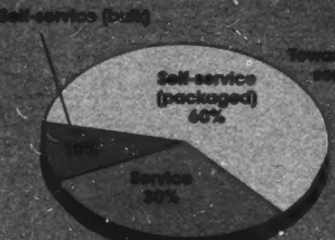


Service vs. Self-Service

Percent of Stores Offering*	
Service	80%
Self-service (packaged)	100
Self-service (bulk)	43

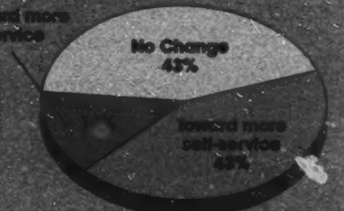
*Note: includes multiple answers

Percent of Instore Bakery Sales



Trends in Service

Direction Instore Directors Expect Their Operations to Move



Self-Service Equipment

Percent of Stores That Have	
Display tables for packaged self-service	98%
Self-service racks (or shelves) without doors	70
Roll bins with tongs for self service	47
Self-service racks with glass doors	38
Hot Coffee & Beverages	38
Free-standing self-service racks (on wheels)	35
Self-service refrigerated cases	31

Self-Service Sales

Percent Sold Through Self-Service in Stores Offering Self-Service	
Pies	89%
Breads	87
Decorated Cakes (Refrigerated)	71
Decorated Cakes (Shelf temp.)	69
Doughnuts	57
Rolls	42
Muffins	42

It costs just a little less to staff an instore bakery in 1990 than it did 1989. This has resulted in higher-than-ever weekly sales per employee.

The slight drop in the number of employees has manifested itself in a small decrease in the portion of departmental sales that go to cover labor costs. On average, it now takes 31.4 percent of sales to cover labor costs.

Since there were fewer employees in the department and more sales dollars coming in, the average sales per employee jumped last year. Each bakery staffer accounted for $882 per week in sales in 1990. This was up 9 percent from the $809 that each employee generated in 1989.

There are two reasons for the bakeries' ability to get by with fewer employees, while increasing the variety and complexity of their products. These are the same reasons that must be brought into play whenever there is a decrease in labor costs. The basic factors

INSTORE BAKERY

PRODUCTION & SUPPLY

While most bakeries use two or three methods to produce their products, bake-off is used by 40 percent as the major means of production. This is down somewhat from 43 percent in 1989. Thaw and sell increased its representation in the supermarket bakery, with 5 percent of the units now reporting the method as their primary means of production.

More bakery supplies are coming directly to the bakery's back door. Operators report that about 42 percent of their ingredients and supplies now are shipped directly to their stores and not to the warehouse. This is up from 35 percent in 1989.

Bakery suppliers and distributors appear to be gaining a definite edge over grocery wholesalers in the battle to supply the instore bakery. Over 50 percent of the supplies and ingredients now come from bakery suppliers.

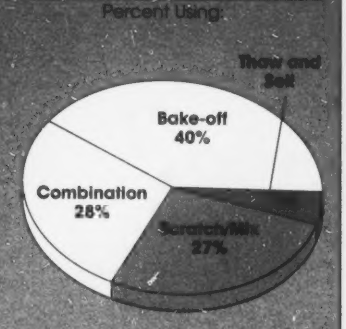
Methods of Production Percent Using

	Bake-off	Mix	Scratch
Bread and rolls	76%	9%	33%
Yeast-raised doughnuts	61	42	15
Cake doughnuts	30	67	12
Sweet goods	58	42	21
Cookies	67	15	42
Pies	85	9	24
Layered cakes	44	63	22
Croissants	85	3	9
Brownies	36	58	18
Bagels	91	3	6
Muffins	42	58	24

*NOTE: Includes multiple answers

Major Method of Production

Percent Using:



Suppliers to Instore Bakeries*

	Bakery Distributor/ Supplier	Grocery Wholesaler	Ingredients Manufacturer	Bakery Wholesaler
Bake-off	59%	50%	23%	12%
Mix	56	24	38	6
Scratch	50	21	40	4

*NOTE: Includes multiple answers

Warehouse vs. Direct Delivery

Percent of Baking Ingredients Supplied

Through warehouse	58%
Direct to stores	42
Total	100%

MERCHANDISING & CUSTOMERS

Despite continued efforts to increase the popularity of the instore bakery, only 27.6 percent of the shoppers in the average store on any given day shop the bakery. This really means that a shopper will make a bakery purchase about once every 3 or 4 trips to the supermarket.

The bakery patrons are still spending the same $2 per bakery purchase today that they spent in 1989. The increased promotion, therefore, has not increased either bakery traffic or spending.

Bakeries' Share of Ad Space Compared to Share of Sales

Greater	38%
Less	24
Equal	38
Total	100%

How Supermarket Customers Spend

Percent Who Shop the Instore Bakery

Mean **27.6%** Median **27.9%**

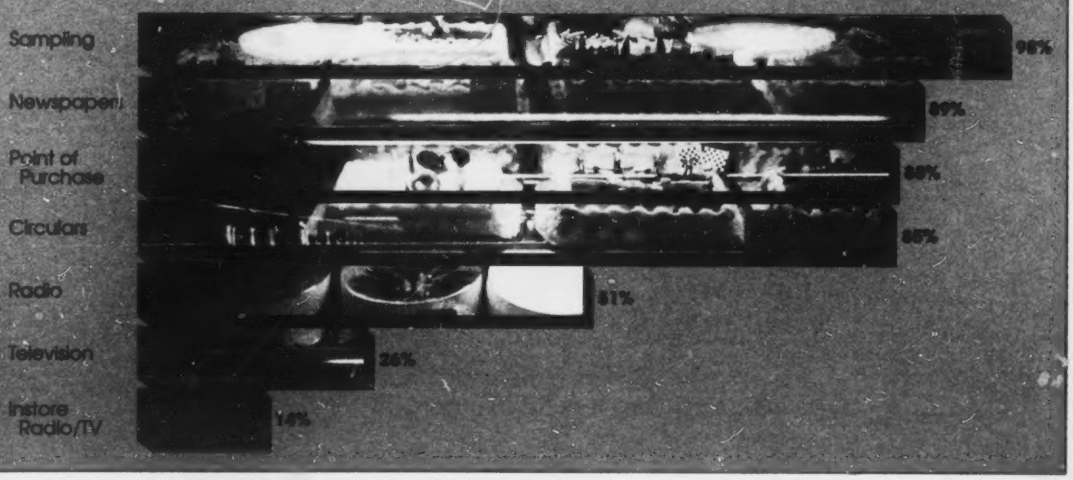
How Much They Spend

Mean **$2.01** Median **$1.92**

Do You Consider Your Bakeries:

Image/Traffic Builders	12%
Profit Centers	17
Both	71
Total	100%

Advertising and Promotion Sell Instore Bakery Percent Using



are, as always, production and service.

As we've seen, production methodology is spread over the whole gamut of approaches, and it is hard to determine where the industry as a whole has cut production labor time. One possibility is that a large portion of production comes through quicker methods, such as bake-off and thaw and sell.

Bakeries are well equipped for those products made from scratch or mix. Most bakeries report having a full complement of ovens, freezers, proofers, mixers, retarders, frying and doughnut systems, glazers and sheeters, along with other baking equipment. Having modern, merchandised versions of the proper equipment has cut production labor times considerably.

On the other side of the bakery, there is less labor involved in servicing the customers. About 70 percent of bakery sales come from either packaged or bulk self-service baked products, with service bakery products accounting for the other 30 percent. Sales of service merchandised baked goods declined in 1990 from 35 percent of sales in 1989.

This trend appears likely to

Charts continue on page 62
Text continues on page 80

INSTORE BAKERY

SPACE, LOCATION & EQUIPMENT

The bakery grew somewhat last year. Actually, "stretched" might be a better word, since the increase was only slight. The average bakery now occupies 1,626 sq. ft., up from the 1,569 sq. ft. it took up in 1989. This translates to an average share of total store space of 5.4 percent.

The increase in size, coupled with higher sales volumes, helped the average sales per square foot in the section increase by about a nickel. Last year sales per square foot were $4.07, as opposed to $4.02 in 1989. While not a large increase, $4.07 does represent the highest sales per square foot that the department has ever had.

Much of the extra footage that the bakery expanded into last year was used to house production equipment. The majority of bakeries report having a full complement of equipment, no matter what their major method of production is.

The size of the average bakery has increased just slightly in the past year. Along with the few extra feet came a very slight rise in the average sales per square foot, which is now $4.07.

Size of Department

Square Feet of Space	
Mean	1,626 Feet
Median	1,703

Share of Total Store Space	
Mean	5.4%
Median	5.5

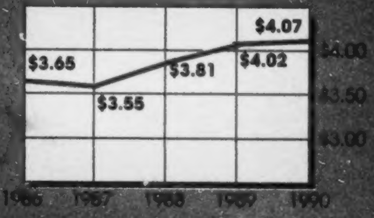
Square Feet by Format	
Superstore	2,350
Superwarehouse Store	2,235
Conventional	915

Percent Share by Format	
Superstore	5.5%
Superwarehouse	4.0
Conventional	5.1%

Average Weekly Sales Per Square Foot of Space

Mean	$4.07

Average Weekly Sales Per Square Foot of Space by Format	
Superstore	$4.44
Superwarehouse Store	$3.03
Conventional	$5.88



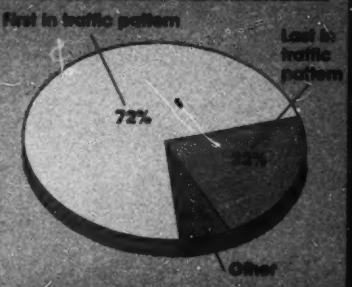
The Delibake Concept

Stores Combining Delis and Bakeries Into a Joint Delibake Department	
Joint Delibake	22%
Separate Departments	41
Total	100%

Location of Bakeries by Store Format

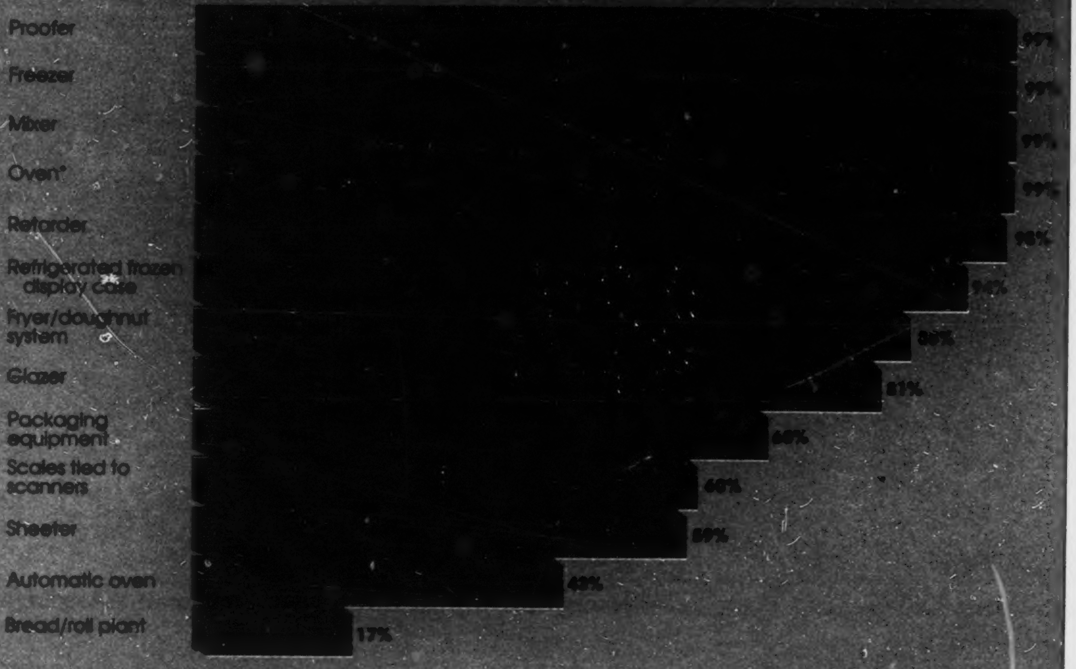
Percent Located In:	
Conventional	47%
Superstores	38
Superwarehouse	15
Total	100%

Preferred Location for Bakery



The Well-Equipped Instore Bakery

Percent of Stores That Have



*Excludes automatic oven

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PRODUCE

Continued from page 22

gram supported by all growers was needed, and the organization successfully established the California Avocado Commission 30 years ago.

The program has been one of the most effective of any commodity. The main objective for several years has been the "Ripe and Ready to Eat" campaign that has substantially increased the consumption of avocados.

Consumer research as also been a mainstay of the avocado marketing support program and it has shown that consumers buy avocados because they like the rich, nutty taste, and that they primarily use the fruit for dips or cut up in salads and sandwiches.

The prospects for the 1991 marketing year are good, although the freeze did reduce the crop prospects by about 20 percent in California.

Everything indicates that the Florida crop will be a good one this year, and for the past several years avocados from Chile have filled in when the California crop was short. There is no doubt but that this versatile fruit has arrived.

Next month, when crop expectations are better known, the "major" summer fruits will be identified and the prospects for the 1991 summer season will be reviewed.

The *big* season for produce is once again upon us! ■

BAKERY REVIEW

Continued from page 58

continue. Forty-three percent of bakery operators believe that in the future their departments will move even further into self-service. An additional 43 percent report that they are contemplating no change in their current merchandising, while only 14 percent feel their departments will offer more service in the future.

Even though operators appear to be saving labor time in both production and customer service, more of their workers' time appears to be going into the production side of the slate. Employees now spend about 59 percent of their time in production related duties, and only 41 percent in servicing customers. This is down from the 44 percent in customer service of a year ago.

More promotion

Retailers seemed to have put more money where their bakeries are last year. They generally had higher promotional and advertising budgets allotted to the bakery in 1990.

Seventy-six percent of the operators now report that their bakeries received a share of the store's ad expenditures that was equal to or greater than the department's share of store sales. This is a fairly significant increase over the 60 percent that reported the same advertising share a year earlier.

Sampling is still the most preferred method of promoting the bakery, and it is nearly universally utilized. Newspapers, point-of-purchase materials and circulars are the most prevalent forms of bakery advertising, while a few companies use broadcast or instore electronic media to promote the bakery.

Despite this increase in advertising and promotion, the bakery has not increased traffic in the department, and has not increased volume to any great extent. These are the challenges of 1991.

Will the bakery continue to exhibit the slow, steady growth of the past two years, or is there still a chance it can resume the skyrocket growth of 1988? ■

PREPARING FOOD

Continued from page 73

have shed both tears of joy relishing a plateful of Claire's inimitable blintzes, and tears of consternation over the difficulty in replicating her purely intuitive cooking methods. Her recipes—some of which are three generations old—have never been written down. Her cooking is based on "feel" not on measurements.

Since I have not yet achieved the right balance of ingredients, I offer a modified recipe in "the spirit" of Claire Arbeit's Blintzes. I plan to keep practicing; maybe take a turn in Claire's kitchen, so stay tuned for an updated version.

Achieving the right balance of ingredients in standard crepe-making is assuredly within everyone's reach and well worth reaching for—for versatility, over-all usefulness, and crowd-pleasing appeal. A neutral medium, crepes will work with nearly anything one could choose to incorporate, from artichokes to zabaglione custard—A to Z. ■

HEALTH & BEAUTY AIDS
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 11/30/90	4 WEEKS ENDING 12/28/90	4 WEEKS ENDING 1/25/91
BABY NEEDS	**- 1.7%**	**- 7.3%**	**- 3.0%**
Baby Powders	- 1.0	+ 2.3	+ 8.8
Baby Oils, Creams & Lotions	- 5.3	- 16.6	- 8.5
Infant Clothes	- 6.5	- 11.4	- 13.1
Nursing Supplies	+ 2.1	+ 0.3	+ 0.2
MISC. PERSONAL NEEDS	**+ 6.4%**	**+ 1.3%**	**+ 1.7%**
Contraceptives	+ 1.6	- 2.7	+ 7.6
Personal Lubricants	+ 23.5	+ 5.4	+ 4.3
Home Testing Kits	+ 16.1	+ 18.5	+ 10.0
Thermometers	+ 3.8	+ 0.2	- 23.9
DEODORANTS	**- 3.9%**	**- 3.9%**	**- 7.4%**
Sprays	- 11.9	- 10.6	- 12.8
Roll-Ons	- 13.4	- 14.2	- 21.1
Stick Deodorants & Pads	+ 6.9	+ 3.7	+ 1.9
Creams	- 14.6	- 12.2	- 14.1
Deodorants & Talcum Powders	- 28.4	- 19.2	- 13.2
Feminine Hygiene Deodorants	- 5.3	- 6.3	- 9.2
Foot Deodorants & Athlete's Foot Remedies	+ 7.4	+ 11.0	+ 5.6
Feminine Douches	- 9.2	- 3.7	- 11.2
FIRST AID	**- 6.7%**	**- 6.0%**	**- 6.2%**
Antiseptics	+ 1.7	- 1.5	+ 1.7
First Aid Products	- 9.5	- 7.8	- 8.9
Elastic Goods & Dressings	+ 26.0	+ 40.0	+ 37.3
HAIR CARE NEEDS	**- 1.8%**	**- 3.2%**	**- 2.4%**
Shampoos	- 2.7	- 2.5	- 2.9
Hair Sprays	- 0.5	- 5.4	- 2.9
Hair Conditioning Rinses	- 1.8	- 2.9	- 1.9
Hair Setting Needs	+ 3.1	+ 2.8	+ 3.1
Home Permanent Kits	- 13.8	- 10.6	- 10.9
Hair Coloring	- 2.8	- 1.8	+ 1.0
Hair Dressing Needs	- 7.3	- 9.4	- 9.6
ORAL HYGIENE	**- 5.5%**	**- 4.4%**	**- 1.5%**
Toothpastes & Powders	- 4.9	- 3.2	+ 2.2
Mouthwashes	- 10.5	- 12.5	- 10.7
Breath Fresheners	- 4.5	- 0.4	- 3.2
Denture Cleaners	- 2.2	- 4.8	- 5.7
Denture Adhesives	- 3.5	- 10.4	- 11.9
Toothbrushes	- 5.9	+ 1.2	- 1.3
Dental Aids	+ 9.6	+ 3.1	+ 5.7
PROPRIETARY REMEDIES	**- 2.2%**	**- 9.2%**	**- 6.1%**
Antacids	- 1.9	- 2.0	- 0.8
Internal Analgesics	- 7.9	- 9.2	- 8.2
External Analgesics	+ 3.8	+ 3.1	+ 1.5
Cold Remedies	+ 4.9	- 12.9	- 8.2
Nasal Sprays/Drops/Inhalers	+ 1.3	- 12.1	- 11.2
Chest Rubs	- 3.8	- 14.6	- 8.0
Cough Remedies	+ 1.7	- 16.1	- 8.6
Laxatives	- 3.5	- 5.8	- 2.6
Sleeping Aids	+ 6.0	+ 4.8	+ 2.6
Tranquilizers	- 19.3	- 13.0	+ 2.7
Eye Care Products	- 3.2	- 3.0	- 1.3
Appetite Suppressants	- 21.4	- 24.2	- 24.5
Synthetic Vitamins	- 12.3	- 11.9	- 7.1
Natural Vitamins	- 1.1	+ 4.6	+ 8.9
Misc. Proprietary Remedies	- 1.0	- 1.9	- 0.3
SHAVING NEEDS	**- 3.7%**	**- 4.6%**	**- 7.5%**
Shaving Creams	- 1.3	- 4.0	- 6.6
Pre-Shave Lotions	- 10.5	- 3.4	- 5.9
After-Shave Lotions	- 6.9	- 13.8	- 7.9
Razor Blades	- 4.2	- 3.6	- 7.9
SKIN CARE AIDS	**- 4.6**	**- 15.2%**	**- 9.1%**
Hand & Body Creams & Lotions	- 13.2	- 24.7	- 17.1
Facial Preparations	+ 9.9	+ 1.7	+ 4.1
Lip Care Products	- 3.1	- 16.9	- 8.9
Suntan Lotions & Oils	+ 41.1	+ 1.6	+ 3.9
Cosmetic & Medicated Skin Aids	+ 0.5	+ 2.2	+ 2.9
TOTAL ALL CATEGORIES	**+ 3.3%**	**- 6.7%**	**- 4.9%**

HBA UNIT SALES SLUMP CONTINUES THROUGH JANUARY

The recession and an emphasis on line extensions rather than new product launches contributed to the decline from 1990 levels.

BY ALAN B. MILLER JR.

The new year did not mark the end of the sales slump affecting the majority of health and beauty aids categories in the waning months of 1990. During the 28-day period ending January 25, 1991, unit volume in the 57 product categories tracked by SAMI fell 4.9%, or just a shade under the 5.0% loss recorded in the 12-week span.

A number of factors have been suggested to explain the extended dry spell in the HBA departments in both food stores and drugstores. The recession-plagued economy undoubtedly has played a role, although these products traditionally are considered recession-proof. In addition, the health categories were victimized by unseasonable weather in a number of high population areas, particularly in the East.

The fact that colds and flu conditions were not severe is attested to by the poor sales performance in each of the cough and cold categories in which January sales declines were registered: cold remedies (-8.2%), nasal sprays-drops-inhalers (-11.2%), chest rubs (-8.0%), and cough remedies (-8.6%). There were also losses in the allied cough/cold categories—internal analgesics (-8.2%) and synthetic vitamins (-7.1%).

Product launches down

Another important reason for the HBA sales drought has been scarcity of high-volume, innovative new products, which historically are launched in large numbers as a new year dawns.

At the beginning of 1990, such new brands as Gillette's Sensor razors and blades and both Degree and No Sweat deodorants were enjoying highly successful debuts, while in January 1991 there appeared to be more emphasis on line extensions such as Excedrin Aspirin Free or new Tylenol items. There were no new blockbuster brands among hair care needs, a product group that can usually be counted on for a proliferation of new product introductions.

In January, the only HBA product group with a plus trend was miscellaneous personal needs, which grew 1.7% in units as a result of gains in three of its four categories.

There were five product groups with 4-week unit sales declines in excess of 5%: skin care aids (-9.1%), shaving needs (-7.5%), deodorants (-7.4%), proprietary remedies (-6.1%), and first aid (-6.2%). At the product category level of measurement, only 20 were in the plus column, while 37 suffered declines.

The 4.9% loss among HBA products was more severe than those in the other two departments with volume losses—dry grocery: non-food (-2.3%) and frozen foods (-0.4%). There were tonnage gains among shelf-stable and refrigerated foods, amounting to +1.3% and 3.2%, respectively. On a retail dollar basis, both health and beauty aids (-2.3%) and dry grocery non-food (-0.3%) departments had negative trends, while the other three departments enjoyed forward progress: refrigerated (+8.5%), dry grocery food (+4.3%) and frozen food (+2.0%).

Two of the four baby needs categories managed to achieve gains in January. The 3.0% loss for the product group represented a slight improvement over the 4.0% loss rate for the 12 weeks or the 4.2% loss for the full 52-week period.

Only two of eight categories of personal deodorants registered unit volume advances,

Continued on page 89

SUPERMARKET BUSINESS

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MAY 1991

'PARTNERING'

A WIN-WIN
PROPOSITION?
OR THE LATEST
HULA HOOP
IN MARKETING?

SPECIAL PRODUCE
SUPPLEMENT

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SUPERMARKET BUSINESS

MAY
1991

VOLUME 46
NUMBER 5

FEATURES

Page 29

'PARTNERING': A WIN-WIN PROPOSITION . . . OR THE NEWEST MARKETING HULA HOOP? KEN PARTCH 29

Is 'partnering' real, or just an expression of hope for return to the good old days of supermarketing—if they ever really existed? Or is something else afoot around here?

THE COMPONENTS & CONSEQUENCES OF PRICING 37

Jack Cohen's January 1991 SUPERMARKET BUSINESS cover story, "The Science of Pricing," apparently hit a nerve, for the questions have been coming thick and fast. Here, he provides some answers.

Page 45

COMPANY SHRINK: A PROGRESS REPORT DAVID LITWAK 45

Electronic DSD systems have virtually eliminated delivery shortages in companies using them. But accounting shrink reduction is very much a work in progress. Here's why, and what can be done.

A CLOSE-UP LOOK AT MICRO-MARKETING DAVID LITWAK 51

Marketing marksmanship is getting better, as both retailers and suppliers become more proficient with their new "rifles."

Page 57

ULTRA/IGA COMPETES THE OLD-FASHIONED WAY: WITH SERVICE 57
FRANK HAMMEL

A 33 percent work force increase is about as serious a commitment as one can make to doing it right. And that's just for openers here.

WHAT EVERY CEO SHOULD KNOW ABOUT NEW MERCHANDISING TECHNOLOGY MICHAEL J. O'CONNOR 63

Computers, scan data and newly detailed demographic data are being dovetailed to produce whole new approaches to merchandising and marketing. Here's a review of the latest and greatest.

Page 121

HOME DELIVERY: MAKING PROGRESS, BUT THE ROAD IS BUMPY 73
HOWARD RIELL

With today's consumer so intent on convenience, the success of home grocery delivery would seem to be assured. What's stalling its progress?

Page 159

WHAT'S IN A NAME? CHIP WALKER 79

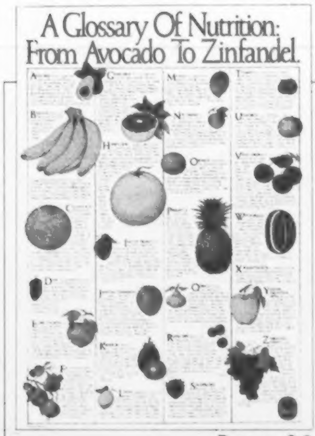
Look for store brand sales to continue gaining share, as retailers fine-tune their approaches to meeting consumer needs with products in their own image.

COMPENSATION SURVEY: HOW MANAGEMENT PAY SCALES ARE FARING IN TODAY'S ECONOMY DAVID LITWAK 85

Compensation growth for supermarket management, from store department heads to CEOs is matching the pace of food industry growth—slow.

MAY
1991

SUPERMARKET BUSINESS



Page 93

Page 109

Page 133

Page 178

SPECIAL PRODUCE SECTION

PRODUCE TIPS: WE'VE PICKED THE BEST BUNCH! CAROL FENSHOLT **93**
In produce, you really need to pick your shots, because in few other departments is there so much to do. If you can't do it all, do these key things.

INSTORE BUSINESS

A TIME-SAVING GRACE FOR BUSY KANSAS CITY CAROL FENSHOLT **109**
In this high-service yet competitively priced store, suburban professionals can find and buy what they really want and need: Time.

SERVICE: IT'S NOT A COST, IT'S AN EDGE FRANK HAMMEL **121**
Turning up the service in its instore departments is the key to a competitive edge, this Wetterau-owned company thinks. And there's no sleeping on the job—its service departments open and close with the store.

HOUSTON: SHOOTING IT OUT IN SUPERMARKET FOODSERVICE **125**
MIKE DUFF
"Ain't room enough in this town for all of us," is the message here, with Appletree, Fiesta and Randall's all firing off their foodservice six-guns.

THE BUILDING BLOCKS OF FOODSERVICE SUCCESS ELAINE READER **133**
A foodservice operation is a demanding taskmaster ... and an accurate barometer of commitment to the customer. Unfortunately, good ones don't just happen.

FOUNTAIN BEVERAGES: ADDING TO SUPERMARKET PROFIT FLOW **144**
HOWARD RIELL
It isn't just soda any more—today, food stores are discovering how to tap new profits in everything from cappucino to wine.

PREPARING FOOD ELAINE READER **145**

NONFOODS BUSINESS

ANNUAL OPERATIONS REVIEW OF HEALTH & BEAUTY AIDS **149**
DAVID LITWAK & JANET TORRES CEPEDA
Once again, HBA is providing food retailers with a comfortable profit cushion—nearly 80 percent of survey respondents reported a sales increase, which averaged 6.3 percent, and overall margins of 27.3 percent.

IN THE NONFOODS AISLE, IT'S KID STUFF MIKE DUFF **159**
Kids are the "hidden persuaders" in more than just breakfast cereals. Read this to see if you and your market's small minds think alike.

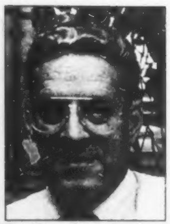
SAMI UPDATE ALAN B. MILLER JR. **163**

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **9**
WASHINGTON BRIEFS ... **11**
TRADESCAN **13**
SUPPLIER SIDE.......... **19**
TECHNOLOGY **21**
PRODUCE................ **27**
NEW PRODUCTS ... **147, 172**
ADVERTISER'S INDEX ... **166**
CONTEST.............. **174**
CHECKOUT **178**

Cover Photo: David DiMicco

WILL 'PARTNERING' CURE ANYTHING?



By Ken Partch, Editor-in-Chief

It depends. It depends upon what you expect. The problem with it is that it may promise more than it can deliver. And conversely, it may just become last year's hula hoop, and everything goes on as before.

Many moons ago, it seemed the word 'partner' appeared as the theme of nearly every industry meeting program. Each segment of the industry was always partners in this or that—especially progress. Perhaps that's why it sounds so strange when it pops up now, when the various elements of grocery distribution couldn't be farther apart. It's a nice try, but I think we need a more realistic concept.

On the other hand, it may be a start toward a new way of doing business that has not yet been fully defined or fully developed. But almost everyone seems to agree that the old buyer/seller adversarial relationship doesn't seem to be working.

In the three years since Professor Walter Salmon made his now-famous report to Food Marketing Institute, the problems he was addressing have gotten worse. More and more people are saying: "Maybe he was right." (That the only way to cure the inherent waste in the system was to go to some kind of every-day-low-price system—as impractical as that may sound.)

Where he was undoubtedly right was in saying that we had created a monster at tremendous cost to the system in such practices as deal-driven forward buying and diverting. Big changes are coming in the way companies are handling promotions and cooperative payments. These range from half-annual payments "up front" and the remainder at the end of the year, to tightly co-coordinated and locked-in programs, and to third-party draft accounts on which checks are written and then must be countersigned as the programs are performed.

Still, business is often done as usual, even with companies that think they are involved in "partnerships" with customer accounts. Two manufacturers involved in account partnerships were asked this hypothetical question: Suppose your partnership account looks at your promotional deal offer and says, "I love it. Let me have 50 carloads." Because you have access to his database, you know that he can't sell 50 carloads during the stated promotion period. He obviously has other plans. Do you make the sale? One company answered, "Yes," and the other answered, "No."

How do you overcome the notion that one side has an unfair advantage? You open the books.

The good partnership arrangements, or as some prefer, value-added relationships, will be extremely beneficial because each will learn something about the other's business that they never knew before. Perhaps some good, industry-wide systems will develop, as a result. Best of all, perhaps some of the suspicion that one is trying to take advantage of the other will disappear.

We asked one company president if he was "partnering" with anyone. After his initial "... Am I what?" response, and we explained, he replied: "Oh, we've talked about it, but I'm not very fond of the idea. I don't know if one of my competitors would be too happy to learn that we had formed a partnership with one of his major suppliers and were involved in some kind of information-sharing— or vice versa." Others are concerned that their buyers might lose some of their aggressiveness as buyers.

Put in its best light, I asked one manufacturer participating in partnership relationships how he overcame the natural suspicion that many retailers and wholesalers have about how the manufacturer makes money. Many CEOs of major retailing or wholesaling companies feel they have been patsies to the manufacturers for years. "How do you overcome that?" I asked. "You show him the balance sheet," he replied. "You show where the investment goes and where the equity is, and the return." In other words, you open the books.

That's not exactly Toyota-style management, as yet, but it certainly does beat most of the industry discussions about the merits of a standardized pallet.

It's 1991. Perhaps we need a different antitrust law from the one left to us from 1910, and a different Robinson-Patman Act of 1933. The present methods of doing business are certainly inadequate. More on this, later. ■

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COMPEN$ATION SURVEY

ARE EXECUTIVE PAYROLLS HOLDING THE LINE AGAINST TODAY'S ECONOMY?

BY DAVID LITWAK

■ *We're all working for a paycheck!*

Pride, security, work ethic, esprit de corps are important in motivating employees at all levels, but the paycheck is still king.

Don't let anybody fool you, compensation is as important a part of the work experience for the store manager, or headquarter's buyer, or company MIS director, even corporate chairman as it is for the cashier or warehouse worker.

The compensation packages that supermarket companies pay to their supervisory, management and professional employees play as important a part in determining job performance today as they ever have.

After merchandise, labor still ranks as the second-highest cost of operating a supermarket company. According to the Food Marketing Institute, labor accounted for 15 percent of sales in 1989. Of this, 11.4 percent went to payroll costs and 3.5 percent went into fringe benefits.

Compensation for the industry's professionals has been steady despite the tumultuous economic twists of the past few years. The question remains: What lies ahead?

To put these percentages into hard dollars, consider that payroll costs in 1989 were $37.62 billion, and the costs of benefits amounted to $11.67 billion. In all, the supermarket industry spent $49.29 billion on its employees in 1989. Figures for 1990 are not yet available, but it's a sure bet that they will be higher.

In today's economy a lot of other industries have cut compensation, or their management workforces, with dramatic repercussions on employee morale. The supermarket industry has, despite economic ups and downs, maintained a stable, albeit, slow record of compensation growth.

Compensation's slow growth

"What I've seen in the eight to 10 Midwestern states in which I operate is that wages have steadily increased, but not very strongly," says Edward McCaskey, Midwest Management Resources, Inc. (Roscoe, Ill.).

McCaskey, an executive recruiter specializing in the supermarket industry, has seen no great jumps in compensation in the industry at any level. His observation was echoed by most retail human resource professionals.

"There have been no great changes in compensation. Our compensation rates have been remarkably stable over the past three or four years," indicated Mike Kissner, vice president–human resources, Cullum Co.'s (Dallas, Tex.).

"It seems that over the past four years there haven't been any dramatic shifts in compensation as far as our company is concerned. Over the last 3 years our increases have been in the 3 to 6 percent range. It's been pretty stable.

"It's pretty much the way the whole industry has gone. Before we make a move we check what our competitors are doing. In the Dallas market the economy hasn't been very strong, and that's been a contributing factor.

"I'm not aware of any drastic moves anywhere, at least not among the people I've talked to. We've moved ahead, either at or a little bit ahead of inflation."

Keeping salaries abreast of the rate of inflation appears to be what most retailers have offered their management employees. Few areas in the company, or regions of the country, have offered increases in compensation that are much beyond the current fluctuations of the economy.

"Hot" spots

Traditionally the supermarket industry has always had one or two areas or disciplines that could be considered "hot" in terms of compensation. During some periods it may have been the store managers, or the perishables specialists, or headquarters operations people.

There now appear to be no clear winners in terms of an extra emphasis on compensation among a specific type of managerial employee. There are many different opinions as to who is getting the most attention these days.

"Twenty years ago when stores started to grow a lot of concentration and autonomy was given to the store manager. For whatever reason, during the 1980s this slacked off something fierce, everybody was concerned with the buyers and merchandisers. We are now back to total responsibility being placed on the store manager," states William Battles, president, W.E.B. Associates, an executive recruiting firm for supermarket companies (Brewster, Mass.).

"The '80s were the age of the perishables side of the business. Everybody got into perishables. In the '90s everybody has all those departments now. It is the age of

'If the people dry up in terms of availability, it forces you to look into nontraditional areas.'

microwaves and shelves are expanding so fast that they are busting. The shelves are all getting remerchandised.

"As a result, the operations manager and the district manager are receiving less and less attention, and getting less and less of the pie. Now they want operations people to be product people.

"The second thing that is coming into the '90s is general merchandise. In the '80s I spent all my time looking for produce, deli and bakery people, now I'm looking for pharmacy people, HBA people and GM people."

Not everyone necessarily agrees with this opinion on what areas of the industry are receiving more compensation attention. Many of the retailers we spoke to maintained that while they were looking harder to recruit some groups of employees, there generally was no emphasis placed on extra compensation for these particular disciplines.

"We've always valued our GM area, right along with grocery and perishables, so there's been no change there for us," stresses Cullum's Kissner.

"I think that if there's been any increase in attention, its been in the pharmacy area. The people in that area are highly portable, and the supply has not been very promising in the past few years. I think that as a result the compensation has stretched in that particular area, but I think that's just supply and demand."

According to Mike Plecki, manager of management compensation and payroll, Jewel Food Stores (Melrose Park, Ill.), companies have special needs in terms of personnel from time to time, but most don't favor one group of employees over others as a general rule.

"There are no hot areas in any way that I can see. We have certain places that we're looking at— certain perishable areas—but it is not a general thing.

"Compensation-wise there's nothing special within any area. From a business point of view, we may have a certain focus, special needs that arise from time to time. Some of our programs are just maintenance programs."

One company that has just experienced having to look for a special group of employees is Top's Markets (Buffalo, N.Y.). They recently opened up a large new unit that included a number of international food sections. Michael Strout, vice president–human resources, recalls his search:

"We were opening up a new store with many international shops, and that was a challenge by itself— to represent all the groups and find people with the specific skills needed.

"I think that looking for people with specific skills, especially in perishables and merchandising, is the trend in the industry. Not necessarily giving them higher compensation, we pay them the same as any department manager, it's just the variety of people that you have to look for."

In order to get people with the specific skills needed for special perishable sections, pharmacy, GM, or many of the home office functions, more and more supermarket companies are forced to look outside the industry.

While for some disciplines they are forced to look at non-traditional sources, virtually all human resource directors feel that the most desirable candidates for any position in a supermarket company comes from within the industry whenever possible.

"Our expertise and contacts are within the food industry," says McCaskey. "I find that the companies are more receptive to candidiates from within the industry."

"I imagine that it's probably true in some cases that you have to go outside the industry, but I know that there's a preference for people who have grocery operations backgrounds," says Kissner.

"If the people dry up in terms of availability, it forces you to look into nontraditional areas. We've not had that situation yet."

The preferred source for filling executive and professional positions within the supermarket or home office continues to be from within the organization.

There is little doubt that companies like to promote their own. This is the traditional way of advancement in the industry, and it continues to be the way most operations and merchandising positions are filled.

"We certainly try to promote from within, especially within the merchandising and sales areas. We don't really look outside," remarks Jewel's Plecki.

"When you get into some of the professional areas, such as accounting and information systems, you try and find the right person in terms of being able to come right in and do the job, so sometimes you have to go outside.

"The information systems area has been the toughest to recruit. In terms of compensation, I think we're competitive with what these professional people command in other industries. In terms of the store groups—sales, merchandising—I think we've always been competitive."

There are two main reasons that supermarket companies recruit from outside their organizations, or outside the industry. First is an unavailability of qualified professionals in the company or the industry, such as information specialists or pharmacists.

The other situation arises when a company is expanding so rapidly that they cannot support the expansion by internal promotion alone.

A reliance on hiring from within the industry, and especially on promoting from within the company has helped hold down the escalation of compensation. Any time you have to bring in lots of people from another company, or another industry, you generally have to increase their rate of compensation substantially to recruit them.

Pay compared to other retailers

Since supermarkets occasionally have to recruit executives and professionals from other industries, they have to offer wages competitive with those industries. Compensation parity is also a must to keep supermarket executives from going over to other retail industries.

While there was a disparity in compensation in the past, most experts believe that supermarket executives are now paid on a level that is competitive with other retail industries. However, they may still lag behind manufacturing and other non-retail industries.

"Now, because of the attention on the product managers, compensation is getting pretty comparable," thinks Battles.

"There was a gap of 14 to 22 percent during the '80s, when the discount merchants went crazy. They almost went drunk with compensation. Now we've almost come up to a parity situation.

"In the higher levels there is still a huge gap. Under the vice president level there is parity, but vice president and above, discount retailers are still paying far in excess of supermarket salaries.

"If the discounter would do the opposite and study how a supermarket was structured he'd be better off. The turnover ratio of a supermarket is much better than in a discounter. For every executive that leaves a supermarket company, at least four will have turned in another comparable retail setting.

"That's where the disparity in salary comes from,

> **'The supermarket industry is completely on a par with other retail industries. In fact, compensation in it is possibly greater than in some others.'**

they are constantly buying help. Every time they bring someone new in they have to bump that person up in salary. In supermarkets it's still very much learning from the ground up in the same company."

Top's Strout thinks that the industry has achieved parity even into the higher levels.

"The supermarket industry is completely on a par with other retail industries. In fact, compensation in it is possibly greater than in some others. In terms of the store manager, a store is a good medium sized business by itself. The compensation is there.

"All across the board, supermarket employees and executives make as much as those of mass merchandisers. You have to be competitive."

Tales of bonuses and benefits

While salaries have remained steady, more volatility has been exhibited on the benefits and incentives side of the compensation equation.

Bonuses and other incentives have always been a part of compensation for the store manager and some of the other operations staff. These bonuses have become more widespread and more sophisticated over the past few years.

"It's kind of reflective of the general trend. This industry has always had a bonus versus salary segment. Here, we've always offered a heavy incentive," says Jewel's Plecki.

"We offer incentive to both the store and the office. Within the store, we'll come down two or three levels below the manager with an incentive. Within the office setting it's still a smaller proportion of the staff that really has an incentive program. It usually doesn't get to the lower level management or professional employees."

Bonuses are sometimes used as a tool in recruiting employees, especially when they are asked to come from another company, or another region.

"The hiring is getting much more sophisticated. They are into packages now. We've gone through a phase where there is no real difference in the marketplace in terms of salaries, and cost of living has leveled off," muses Battles.

"With most of the people that we're bringing in around the country, and even at some of the lower levels, you have to garnish the deal with a hiring bonus. These can run from $2,500 to as much as $15,000 depending on the position. It's called a one-time cost of transition.

"Bonuses are probably the biggest single thing next to stock that candidates are looking for. They want an acceptable living salary, then they want benefits that can be converted into long-term savings, such as a stock plan or a 401K plan. Employees from the store manager on up are much more attuned to their long-term goals."

On the more traditional benefits side, there are two areas that are becoming topics of concern to both the company and the employee. The first is the skyrocketing cost of medical coverage.

Company costs for these coverages increase significantly every year. Human resource directors say that they are not meeting much resistance to company plans to contain or share these costs with employees.

"Insurance is in a cost containment process. With the obvious medical cost inflation, I think that people are pretty understanding about cost containment. Whether it's a greater deductible or greater shared premiums, whatever the program, it's an easy sell," thinks Kissner.

The economy rears its ugly head

During the latter part of the 1980s, when inflation was low, salaries in the industry rose to match the economy. What has been happening to compensation now that recession has hit?

The answer you get from most sources is: Not a whole lot! While the economy has slowed, the supermarket industry has been less affected than some other industries. There have been no massive layoffs in the industry; if anything, supermarket companies are employing more people today.

The major effect of today's economy may be to further slow the growth of salaries and other parts of compensation. This will happen, experts caution, if consumer spending is cut and profits, in turn, fall. Even with this, no drastic consequences are foreseen.There is no sign that wages or benefits will be cut in the near future.

"The recent economic conditions have had an effect in that there hasn't been the type of inflationary strain on compensation that we've had in the past. I think that's helped to hold the line," says Kissner.

"As we get into the recessionary period, there are a lot of bankruptcies and layoffs going on in other industries. I think it's a lot easier to sell a 3 percent annual increase to a person who has a job when they read in the paper about mass layoffs and wage freezes. I think that's had a moderating effect on wages across the country."

Much more than the general economic conditions, the financial constraints within an individual company have affected compensation growth.

Those companies involved in leveraged buy-outs appear to be the most hesitant to raise compensation. Huge debt coupled with lower levels of consumer spending place too much of a strain on their resources to allow more than minimal compensation increases.

Compensation is part of the solution to the industry's biggest problem, that of finding enough qualified people to run the departments, stores and companies, and keeping them.

Compensation alone will not make an employee come to work each day and give the company 120 percent of his energy and enthusiasm. As we've seen, it is an essential ingredient—without compensation the employee doesn't come—but it may not be enough to make him stay. According to Strout:

"How you treat employees is the most important thing. Whether it's compensation, benefits, attitude or anything else, you have to pay attention to the employees." ■

WAGE & SALARY REPORT

April 1991

Note: This is not reflective of special deals, bonuses or other incentives.

	Low*	Median**	High***
PRESIDENT	$125,000	$220,000	$300,000+(1)
V.P. FINANCE/CFO	85,000	145,000	180,000
V.P. PERISHABLES	85,000	110,000	140,000
V.P. MERCHANDISING	105,000	145,000	175,000
V.P. OPERATIONS	96,000	127,000	155,000
GROCERY BUYER/PERISHABLES	32,000	37,000	44,000
GROCERY BUYER/DRY	38,000	44,000	49,000
MEAT BUYER	38,000	46,000	55,000
PRODUCE BUYER	32,000	38,000	44,000
DIRECTOR/OPERATIONS	65,000	80,500	105,000
DISTRICT MANAGER	47,000	59,000	75,000
STORE MANAGER			
Super/Combo	42,800	54,000	65,000
Conventional	36,000	42,000	51,000
Club	$45,000	60,000	85,000

*Low: pertains to more urban areas and smaller companies

**Median: pertains to urban and suburban areas and medium-sized companies

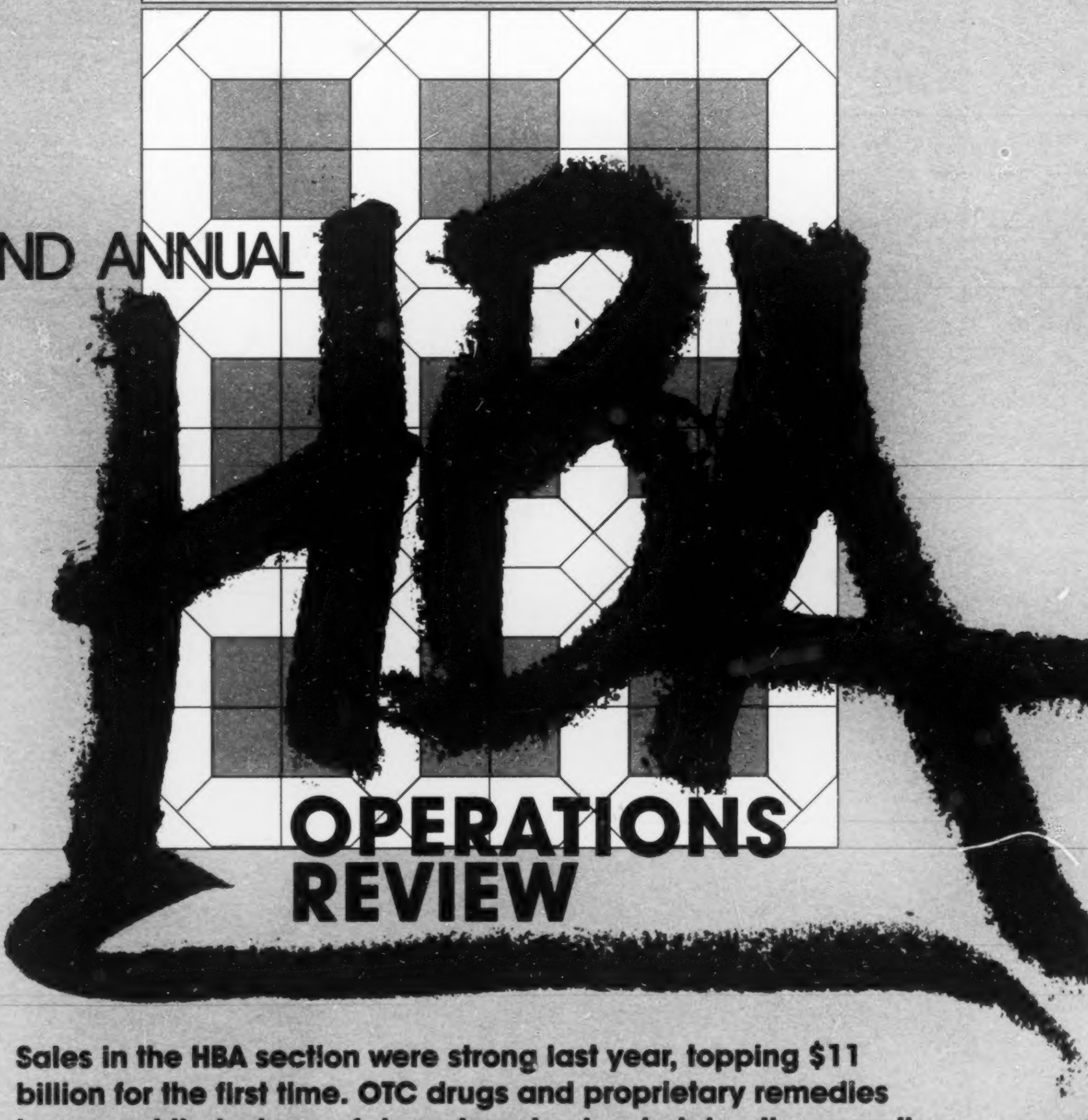
***High: pertains to high-density metropolitan urban and suburban areas and large companies.

(1) The range at this point is too varied to calculate.

In its annual Wage & Salary Report, W.E.B. Associates has compiled average salaries for a number of managerial job classifications in the industry. To better reflect differences in cost of living and among companies of various sizes, three average salaries are given for each position.

SUPERMARKET BUSINESS

NONFOODS BUSINESS
INSIGHTS FOR MANAGEMENT AND THE GM/HBA SPECIALIST



SECOND ANNUAL HBA OPERATIONS REVIEW

Sales in the HBA section were strong last year, topping $11 billion for the first time. OTC drugs and proprietary remedies increased their share of department sales, helping the overall rate of growth to its best level in years.

BY DAVID LITWAK AND
JANET TORRES CEPEDA

Health and beauty aids items are an essential part of any supermarket's product mix. Because every supermarket in America has an HBA section of some kind, consumers fully expect to find these products when they go shopping in our stores. The question is, do they intend to buy their HBA products in the supermarket?

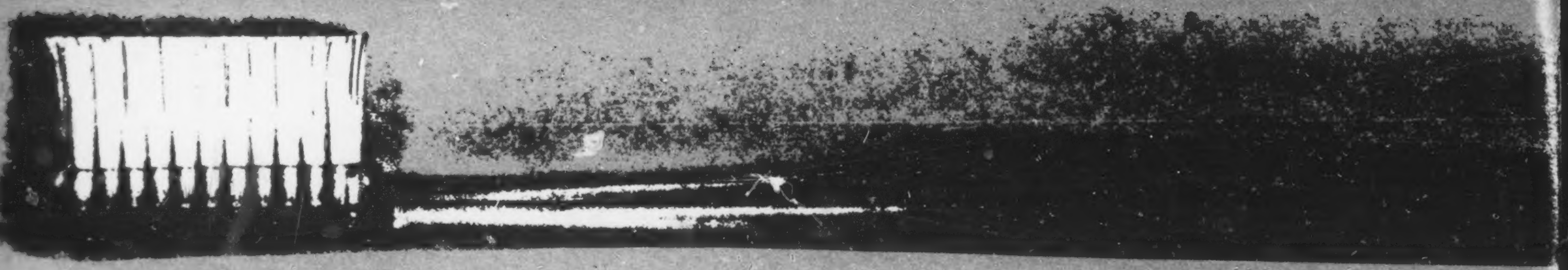
The answer is not a simple yes or no. Clearly some HBA sales are planned, while others are strictly impulse. Many customers may not be expecting the wide selection of HBA products and package sizes available in many grocery stores.

While most consumers expect to find basic HBA products in their neighborhood supermarket, there are still many products that consumers will assume are only available at a drugstore. But is the supermarket more often becoming the destination point when an HBA item is the essential reason for a shopping trip?

Sales in the HBA section were strong last year. For the first time, supermarket sales of health and beauty aids topped out at the $11 billion mark. This was an increase of 8.2 percent over 1989's $10.17 billion sales level.

The 8.2 percent increase in sales represents the highest rate of growth for the HBA department in years. Since 1985, annual sales growth has been between 5 and 7 percent.

The higher than usual growth in 1990 can be attributed to a number of different factors. One factor is the number of HBA sections in operation. Because there is a section in virtually every supermarket, the



PROFITS AND PRODUCTS

Although the portion of total store sales that comes from the HBA department dropped slightly last year (down to 4.9 percent from 5.3 percent in 1989), the section continues to grow in sales and profitability. The department's average gross margin grew to a healthy 27.3 percent in 1990.

OTC drugs and proprietary remedies continues to be by far the largest selling group of HBA categories. Last year OTC drugs' share of department sales grew to 24.4 percent, up from 23.2 percent the previous year. The continued stream of drugs being decontrolled has helped increase the sales of OTC remedies.

Diet aids were last year's hottest HBA category, increasing its share of departmental sales by 50 percent to a share of 1.5 percent of sales. Operators predict that diet aids will continue to be a very hot category in the future.

Share of Total Store Sales

Mean: **4.9%** Median: **4.8%**

By Store Format

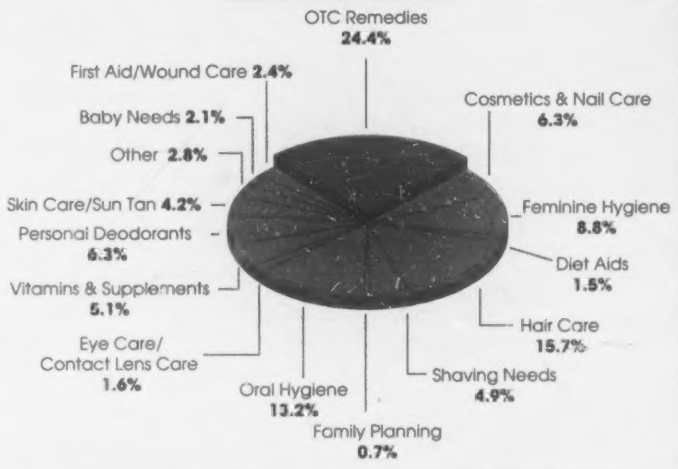
Conventional	**3.8%**
Super Store	**5.1**
Superwarehouse	**4.7**

Gross Margin

Mean: **27.3%** Median: **25.6%**

Less than 20%	**13%**
20-24	**26**
25-29	**30**
30-34	**21**
35 or more	**10**
Total	**100%**

Portioning Out HBA Sales



HBA Products Most Frequently Added or Given Increased Space

—Eye care
—Skin care

What Will Be the Hottest Products of the 1990s?

—Diet aids
—Razor products
—Hair care/Shampoo

SPACE AND LABOR

Despite slightly more labor involvement in the section last year, labor costs did not increase. It now takes the equivalent of two full-time employees to man the section, but those employees only cost about 3.8 percent of HBA sales. The use of service merchandisers by 41 percent of the operating companies in some of their units helps to keep down labor costs.

How Much for Labor

(Labor as percent of HBA sales)

Mean: **3.8%** Median: **4.3%**

Percent of companies using service merchandisers in at least some of their units: **41%**

Number of Employees

Full Time	**1.4**
Part Time	**1.2**
Full-Time Equivalent	**2.0**

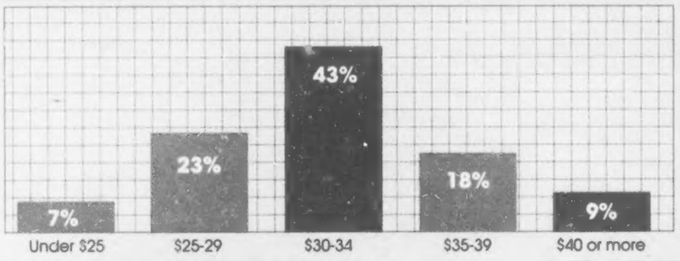
Size of Department

Mean: **208 gondola feet**
Median: **218 gondola feet**

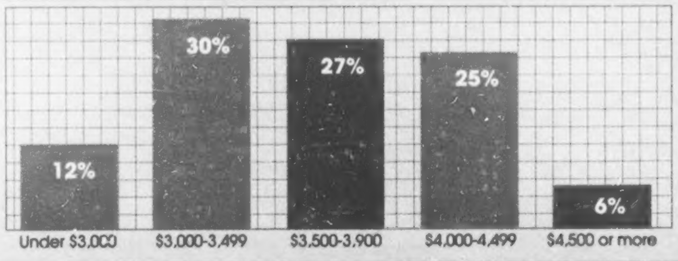
By Store Format

Conventional	**156 gd. ft.**
Super Store	**305 gd. ft.**
Superwarehouse	**297 gd. ft.**

Average Weekly Sales per Gondola Foot Mean: **$33.07**



Average Weekly Sales per Employee Mean: **$3,440**



HBA sections continue to grow in sales and profitability, due in part to an evolving product mix.

number of sections fluctuates with the number of stores in operation during any one year.

During 1990 the number of supermarkets rose by about 50 units to approximately 30,750 units. Fifty more units do not by themselves greatly increase annual HBA sales, but they may affect the percentage sales gain. In some of the previous six years, the number of supermarket units in operation went down by as much as 200, bringing down with it the growth percentage of HBA sections.

Even more significant is the continuation of a change in the product mix of the department. OTC drugs and proprietary remedies continued to increase their share of the HBA product mix last year, accounting for 24.4 percent of department sales as opposed to 23.2 percent the year before.

As me and more prescription drugs become OTC drugs, the share of sales going to OTC products will continue to grow. Proprietary remedies and OTC drugs bring in higher prices than most other HBA products, so overall sales dollars should increase.

Another factor is that many HBA sections have expanded their selections of beauty aids to include upscale items. Many sections, for instance, now include higher priced brands of hair and skin care items.

Where consumers once looked only for less expensive brands in supermarkets, they are now buying premium brands there. With this switchover to upscale brands, the section is able to generate more sales dollars, without necessarily increasing volume movement.

Pharmacies on the rise

While the number of HBA sections in supermarkets did not grow significantly last

HBA
OPERATIONS REVIEW

SALES

It is safe to say that every supermarket in America has some sort of Health & Beauty Aids section. The 30,750 operating supermarkets had sales of $11 billion through these departments last year. This is an increase of 8.2 percent over the $10.47 billion brought in in 1989.

Seventy-nine percent of the companies reported that their annual HBA sales did increase in 1990. Only 4 percent reported a decrease in HBA sales for that year.

The number of pharmacies in supermarkets rose sharply last year, reaching 4,884. With average weekly sales of $11,917, these pharmacies had annual sales last year that exceeded $3 billion.

Health and Beauty Aids Sections

Number of Stores with HBA Sections:	**30,750**
Percent of Supermarkets	**100%**
Number of Stores with Pharmacies:	**4,884**
Percent of Supermarkets with Pharmacies:	**15.9%**

Pharmacy Sales

Total Supermarket Pharmacy Sales:	**$3.03 Billion**
Average Weekly Sales Per Pharmacy:	**$11,917**

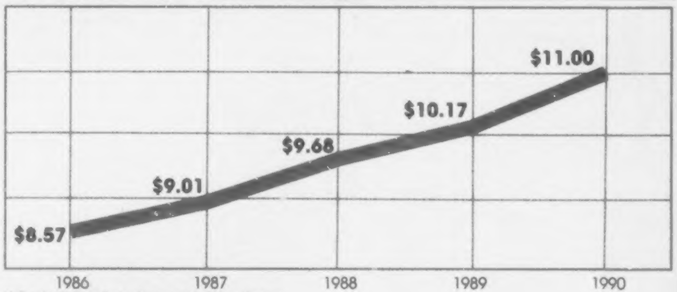
Average Weekly Sales:

Less than $5,500	**5%**
$5,501-$6,000	**28**
$6,001-$6,500	**32**
$6,501-$7,000	**24**
7,001 or more	**11**
Total	**100%**

Average Weekly Sales of HBA

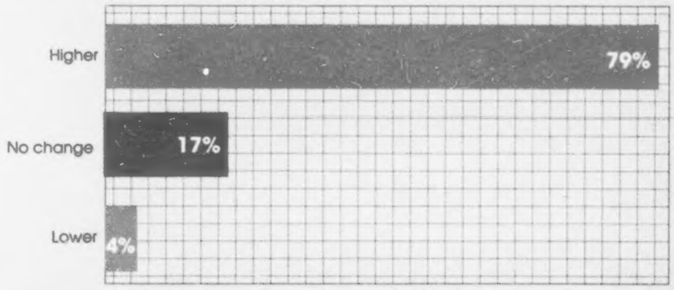
Mean: **$6,879** Mean: **$6,639**

Annual Sales* (billions)



* Excludes sales of prescription drugs

Change in Dollar Sales (1990 vs. 1989)



Average reported increase **6.3%**

year, the number of pharmacies did. The number of dispensing pharmacies in supermarkets grew from 3,745 in 1989 to 4,884 in 1990. The annual sales of these pharmacy units totalled $3.03 billion.

Aside from bringing in average weekly sales of $11,917, the pharmacy serves another purpose that helps to account for the increase in HBA sales last year. It has long been suspected that a pharmacy will increase the sales of HBA products in a store.

Seventy-one percent of the grocery companies that run stores both with and without pharmacies confirm that their stores with pharmacies have higher HBA sales. The two sections are most often placed right next to each other (in 98 percent of stores having both sections). This is particularly effective in light of all the new OTC drug products that consumers may wish to question the pharmacist about.

While this does not prove causality, it does indicate that more pharmacies will signal more stores capable of sustaining higher volume HBA sections.

On the whole, weekly sales in the HBA section did increase last year. The average weekly HBA sales per store rose roughly $500, from $6,370 in 1989 to $6,879 in 1990. Obviously, this is an average of all stores, some stores have weekly sales that are three or four times this figure, while those that only offer a handful of HBA products would have weekly sales that are a fraction of the industry-wide average.

The sales growth was shared by most of the supermarket operators. Seventy-nine percent reported that their HBA sales per store were higher in 1990 than in 1989. The average reported increase was 6.3 percent. Only 4 percent reported lower HBA sales in 1990, with the remaining 17 percent saying that sales remained at about the same level for both years.

Space and labor

There were no major changes in the labor picture in the HBA section last year. For the most part, labor costs remain negligible, with only 3.8 percent of HBA sales going to pay for the labor costs involved in the section.

On average, there are only two full-time equivalent employees manning the HBA section. While this is up just slightly from the 1.7 needed a year ago, there is no real impact on costs.

Part of the reason that labor costs are held down in many

Both HBA and pharmacy sales reached new multi-billion dollar plateaus in 1990. HBA sales topped $11 billion, while supermarket pharmacies brought in over $3 billion.

HBA
OPERATIONS REVIEW

MERCHANDISING & PROMOTION

Supermarkets may be trying to achieve the effect of a "mini-drugstore" within their walls. Almost every supermarket that has a pharmacy positions the HBA department adjacent to that pharmacy. In this way, HBA customers can take advantage of the expertise of the pharmacist.

The presence of the pharmacy does seem to have an effect on HBA sales. Seventy-one percent of the operators report that HBA sales are higher in their stores that have pharmacies than those that don't.

This may be because those stores that have pharmacies are bigger, higher-trafficked stores to begin with, but it may also be due to the fact that having the pharmacy in the supermarket has eliminated the shopper's reason for going to the drugstore to begin with.

Location of HBA Section

(In stores with pharmacies)

Adjacent to pharmacy	**96.8%**
Away from pharmacy	**3.2**
Total	**100%**

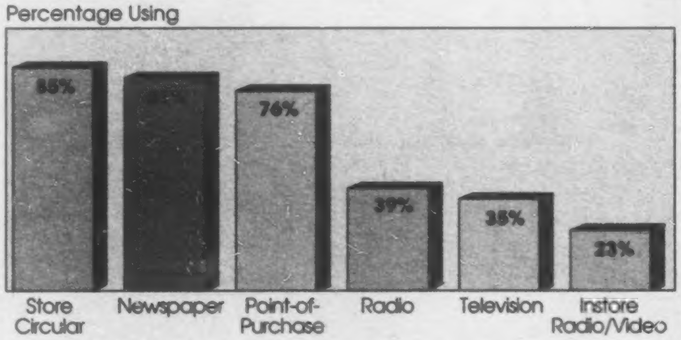
Home Care Section

(percent having separate section)

	% companies
None	**77%**
In some stores	**23**
Total	**100%**

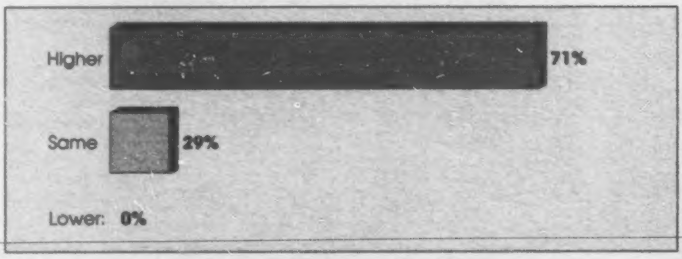
Advertising and Promotion

Percentage Using

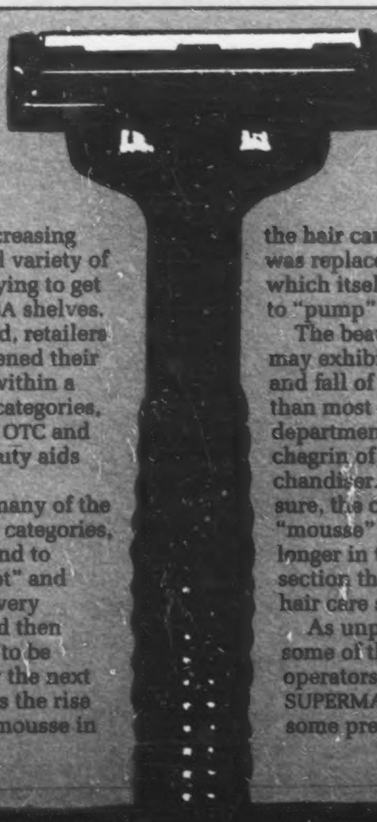


How do sales of HBA in your stores with pharmacies compare with stores without pharmacies?

(Percent of Companies)



There is a direct positive correlation between the presence of a pharmacy in a supermarket and the level of HBA sales in that store.



operations is the use of service merchandisers. Forty-one percent of the supermarket companies responding report using a service merchandiser to handle their HBA section in at least some of their stores. In 1989 the figure was 39 percent.

The size of the average HBA section increased by just about 10 gondola feet in 1990, up to 208 gd. ft. Even with these extra few feet, the section managed to increase its sales per gd. ft. by almost $1. Weekly sales per gd. ft. in 1990 reached the $33.07 mark, which represented another high for the department.

The growth in the size of the department is necessitated by the ever-increasing number and variety of products trying to get onto the HBA shelves. As indicated, retailers have broadened their selections within a number of categories, notably the OTC and various beauty aids categories.

Among many of the beauty aids categories, products tend to become "hot" and proliferate very quickly, and then wane, only to be replaced by the next fad. Witness the rise and fall of mousse in the hair care category, which was replaced by styling gel, which itself has given way to "pump" styling products.

The beauty aids sections may exhibit this rapid rise and fall of products faster than most other sections or departments, much to the chagrin of the HBA merchandiser. One thing is sure, the concept of "mousse" has lasted a lot longer in the instore bakery section than it has in the hair care section.

As unpredictable as some of these fads are, operators were able to give SUPERMARKET BUSINESS some predictions as to what the "hot" categories in the department will be for the rest of the year. These categories include: diet aids, hair care, especially in the shampoo category, new razor products and deodorants.

Other than the increase in the share of sales going to OTC drugs and remedies, few other HBA categories either gained or lost significant amounts in their share the sales pie. The one exception to this was the diet aids category.

HBA getting its share

The share of total store sales that the HBA department accounted for last year dipped somewhat. In 1990 the department accounted on average for 4.9 percent of sales. The previous year, the department's share of total sales was 5.3 percent.

One indicator that did hold its own, and even grew slightly last year, was the department's average gross margin. In 1990 the gross margin rose to 27.3 percent from 1989's 26.6 percent.

As the product mix of the department continues to shift to higher margin products, such as more proprietary OTCs, upper end beauty aids and diet aids, the average gross margin should increase even further.

Retailers are searching for a way to make their stores a destination for an HBA shopping trip: A way to effect a change in the consumers' minds in the way in which they see the HBA section in their favorite supermarket.

Promotion and advertising have been the primary route that retailers have used. The promotion of the HBA section follows closely the way retailers promote the other departments in the store.

Many retailers have tried to change the image of the department is by bringing in pharmacies.

Upgrading the image of the section in the consumer's mind is probably the most important factor in building up HBA sales in the years ahead. Consumer consciousness of the scope of products and services that the department has to offer will ensure its future growth. ■

HEALTH & BEAUTY AIDS
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 12/28/90	4 WEEKS ENDING 1/25/91	4 WEEKS ENDING 2/22/91
BABY NEEDS	**- 7.3%**	**- 3.0%**	**- 4.5%**
Baby Powders	+ 2.3	+ 8.8	- 3.2
Baby Oils, Creams & Lotions	- 16.6	- 8.5	- 6.7
Infant Clothes	- 11.4	- 13.1	- 8.5
Nursing Supplies	+ 0.3	+ 0.2	- 2.3
MISC. PERSONAL NEEDS	**+ 1.3%**	**+ 1.7%**	**+ 1.1%**
Contraceptives	- 2.7	+ 7.6	- 1.4
Personal Lubricants	+ 5.4	+ 4.3	+ 3.0
Home Testing Kits	+ 18.5	+ 10.0	+ 12.5
Thermometers	+ 0.2	- 23.9	+ 2.6
DEODORANTS	**- 3.9%**	**- 7.4%**	**- 6.9%**
Sprays	- 10.6	- 12.8	- 12.2
Roll-Ons	- 14.2	- 21.1	- 17.3
Stick Deodorants & Pads	+ 3.7	+ 1.9	+ 3.0
Creams	- 12.2	- 14.1	- 14.2
Deodorants & Talcum Powders	- 19.2	- 13.2	- 29.1
Feminine Hygiene Deodorants	- 6.3	- 9.2	- 19.9
Foot Deodorants & Athlete's Foot Remedies	+ 11.0	+ 5.6	+ 2.3
Feminine Douches	- 3.7	- 11.2	- 13.6
FIRST AID	**- 6.0%**	**- 6.2%**	**- 7.6%**
Antiseptics	- 1.5	+ 1.7	+ 6.8
First Aid Products	- 7.8	- 8.9	- 11.7
Elastic Goods & Dressings	+ 40.0	+ 37.3	+ 40.5
HAIR CARE NEEDS	**- 3.2%**	**- 2.4%**	**- 3.7%**
Shampoos	- 2.5	- 2.9	- 5.1
Hair Sprays	- 5.4	- 2.9	- 3.5
Hair Conditioning Rinses	- 2.9	- 1.9	- 3.3
Hair Setting Needs	+ 2.8	+ 3.1	+ 3.6
Home Permanent Kits	- 10.6	- 10.9	- 8.8
Hair Coloring	- 1.8	+ 1.0	- 3.7
Hair Dressing Needs	- 9.4	- 9.6	- 3.9
ORAL HYGIENE	**- 4.4%**	**- 1.5%**	**- 5.9%**
Toothpastes & Powders	- 3.2	+ 2.2	- 4.1
Mouthwashes	- 12.5	- 10.7	- 7.4
Breath Fresheners	- 0.4	- 3.2	- 4.0
Denture Cleaners	- 4.8	- 5.7	- 12.5
Denture Adhesives	- 10.4	- 11.9	- 7.5
Toothbrushes	+ 1.2	- 1.3	- 11.2
Dental Aids	+ 3.1	+ 5.7	+ 2.1
PROPRIETARY REMEDIES	**- 9.2%**	**- 6.1%**	**+ 4.0%**
Antacids	- 2.0	- 0.8	+ 1.7
Internal Analgesics	- 9.2	- 8.2	- 4.4
External Analgesics	+ 3.1	+ 1.5	- 1.7
Cold Remedies	- 12.9	- 8.2	+ 12.1
Nasal Sprays/Drops/Inhalers	- 12.1	- 11.2	+ 9.5
Chest Rubs	- 14.6	- 8.0	+ 16.5
Cough Remedies	- 16.1	- 8.6	+ 18.9
Laxatives	- 5.8	2.6	- 1.8
Sleeping Aids	+ 4.8	+ 2.6	+ 5.2
Tranquilizers	- 13.0	+ 2.7	- 6.6
Eye Care Products	- 3.0	- 1.3	- 2.1
Appetite Suppressants	- 24.2	- 24.5	- 23.8
Synthetic Vitamins	- 11.9	- 7.1	- 4.1
Natural Vitamins	+ 4.6	+ 8.9	+ 1.7
Misc. Proprietary Remedies	- 1.9	- 0.3	+ 4.6
SHAVING NEEDS	**- 4.6%**	**- 7.5%**	**- 5.4%**
Shaving Creams	- 4.0	- 6.6	- 4.4
Pre-Shave Lotions	- 3.4	- 5.9	- 14.9
After-Shave Lotions	- 13.8	- 7.9	- 9.3
Razor Blades	- 3.6	- 7.9	- 5.2
SKIN CARE AIDS	**- 15.2%**	**- 9.1%**	**- 1.2%**
Hand & Body Creams & Lotions	- 24.7	- 17.1	- 6.0
Facial Preparations	+ 1.7	+ 4.1	- 3.1
Lip Care Products	- 16.9	- 8.9	- 0.3
Suntan Lotions & Oils	+ 1.6	+ 3.9	+ 30.9
Cosmetic & Medicated Skin Aids	+ 2.2	+ 2.9	+ 2.6
TOTAL ALL CATEGORIES	**- 6.7%**	**- 4.9%**	**- 2.0%**

HBA TURNAROUND PACED BY SALES OF COLD REMEDIES

Although total HBA unit sales in February were still below 1990 levels, total dollars were up. Proprietary remedies unit sales rose 4.0 percent.

BY ALAN B. MILLER JR.

The four-week period ending February 22, 1991 marks the end of the SAMI tracking service, after 25 years of reporting on warehouse withdrawal trends in food stores and, more recently, in drug stores. Many of the major manufacturers that have been subscribers to SAMI services over the years have transferred their allegiance to the InfoScan scanner services offered by Information Resources Inc., and it is likely that monthly trends of health and beauty aids categories will continue to be reported in SUPERMARKET BUSINESS based on IRI data.

Basing sales movement on scanner data rather than warehouse withdrawal figures provides two important advantages with respect to accuracy. First of all, scanner movement among highly seasonal products such as suntan products or cough and cold remedies reflects consumer pickup at the time purchases are made rather than when the merchandise was shipped to the stores. Second, in the case of multiple-product displays, there are problems with recording item movement that do not exist with sales measurement at the checkout counters.

During the final 28 days of SAMI reporting, some corrections were noted to the weakness plaguing a number of health and beauty aids categories in recent months. The most dramatic trend reversal was found among proprietary remedies, where February unit sales moved 4.0% ahead of the level in the corresponding year-ago period. This favorable trend was in contrast to a 4.0% loss rate for the 12-week span and also compared favorably with the 2.5% loss for the full 52-week period.

Overall, among all 57 health and beauty aids categories tracked by SAMI, four-week unit movement was 2.0% behind that of a year ago. This was clearly a step forward when compared to the 4.5% loss rate for the 12-week span and the 2.5% loss for the full 52-week period.

Total department dollar sales moved back into the black with a 1.5% gain, representing a comeback from the 1.5% 12-week loss. The HBA dollar gain was higher than the 1.0% increase in frozen food dollars and represented superior performance to the loss of 0.9% for dry grocery non-food items. Higher four-week dollar gains were achieved by refrigerated foods (+4.6%) and shelf-stable foods (+1.9%).

Drugstore sales decline

The HBA food store trending in February was superior to the performance in drugstores, where dollar sales fell 1.3% while units receded 7.7% vs. the year-ago period.

In food stores, only two HBA product groups showed four-week positive trends: the aforementioned proprietary remedies (+4.0%) and miscellaneous personal needs (+1.1%). The latter product group was helped by increases in three of its four categories: home testing kits (+12.5), personal lubricants (+3.0%), and clinical thermometers (+2.6%). Unit sales of contraceptives fell 1.4%. These products had a unit gain of 6.2% for the full year and accounted for $42.7 million in food stores (as compared to $186.9 million in drugstores).

There were 19 product categories with four-week unit movement gains, paced by suntan lotion-suntan oil (+30.9%), cough remedies (+18.9%), chest rubs (+16.5%), home testing kits (+12.5%), and cold remedies (+12.1%). Losses were registered in 38 HBA product categories. The

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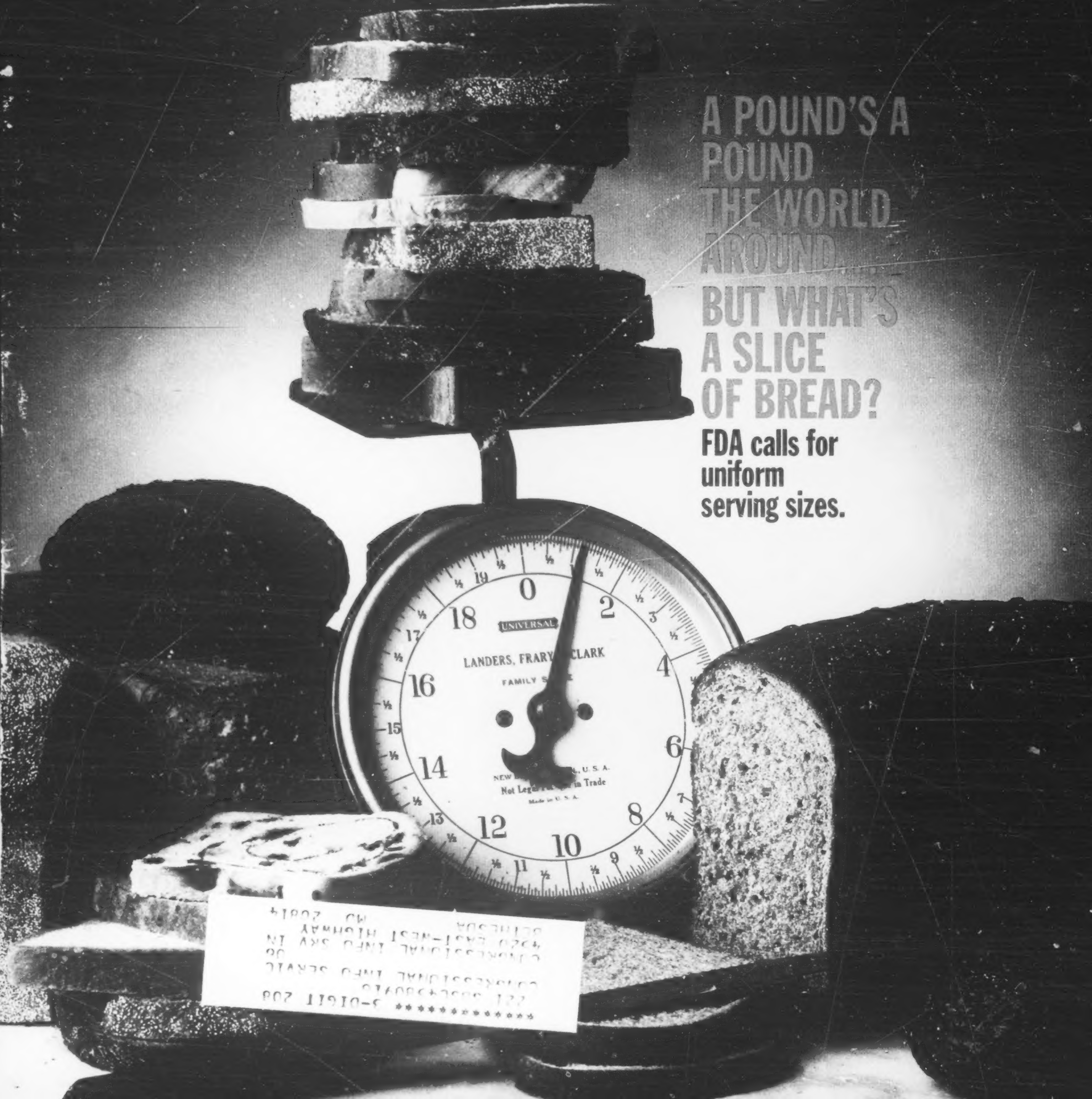

A POUND'S A POUND THE WORLD AROUND... BUT WHAT'S A SLICE OF BREAD?

FDA calls for uniform serving sizes.

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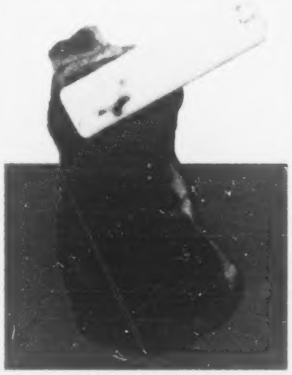


page 34

A POUND'S A POUND THE WORLD AROUND . . . BUT WHAT'S A SLICE OF BREAD? MIKE DUFF 25

The FDA has proposed that serving sizes be standardized. Many in the food industry think this makes sense. But the powerful Grocery Manufacturers of America begs to differ.

PLAYING TAG WITH THE SHOPLIFTER DAVID LITWAK 34

Technology may have finally outsmarted the shoplifter. Electronic Article Surveillance systems, now available for use in supermarkets, have taken a big bite out of crime.

INSTORE BUSINESS

page 43

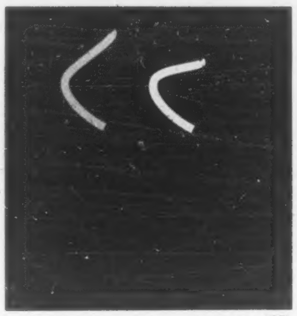
WALDBAUM'S GIVES BRONX RESIDENTS A REASON TO CHEER FRANK HAMMEL 43

Residents of poor neighborhoods often pay exhorbitant prices for food. Not so in the Grand Concourse section of the Bronx, where Waldbaum's has opened a big, modern supermarket and has kept prices low.

FOODSERVICE DEPARTMENTS: AN OPERATIONS REVIEW 55

DAVID LITWAK AND JANET TORRES CEPEDA

Economists will tell you that sales of food prepared outside the home will decline during a recession. After reading our exclusive foodservice review, your response might be: What recession? Despite the economic hard times, the sales of take-out and in-store-consumed foods soared to a new record in 1990.



page 55

BUILDING GOODWILL BY ADDING A TOUCH OF CLASS 65

FRANK HAMMEL

Opening an instore cooking school will add to your operating costs, but according to retailers who have tried it, there is no better way to build goodwill and future business.

PREPARING FOOD ELAINE READER 69

The best bet for a light, uncomplicated salad is pasta as perfect as a summer day.

NONFOODS BUSINESS

MAKING THE SWITCH TO OTC MIKE DUFF 77

When the patent on a prescription drug product runs out, manufacturers scramble to produce an over-the-counter version of the drug. When marketed correctly, these products can mean big profits for supermarkets.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 5
WASHINGTON BRIEFS 7
TRADESCAN 9
SUPPLIER SIDE 15
TECHNOLOGY 17
PRODUCE 19
ADVERTISER'S INDEX 89
CONTEST 92
CHECKOUT 94

THE PYRAMID OF GOOD EATING (JUST TURN IT OVER)

By Ken Partch, Editor-in-Chief

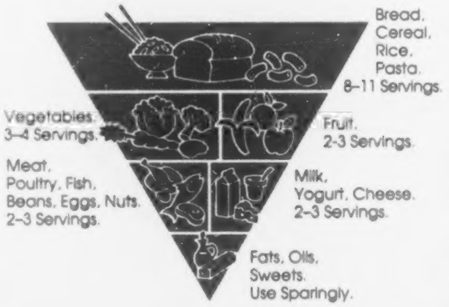
Periods of active consumerism, it is sometimes theorized, come in thirty-year cycles. I don't know if it has to do with the movement of the stars, the planets, or with some other celestial event, but it does seem that the conditions that led to Upton Sinclair's *The Jungle* and then to the Pure Food and Drugs Act of 1906, returned in the 1930s, then in the '60s, and … who knows?

Perhaps it is some uncontrollable and pre-ordained phenomena that produce a Dr. David Kessler of FDA, and a Dr. C. Everett Koop, the former surgeon general, in almost the same period. If it is, we can expect the '90s to become interesting times. Manly Molpus, of the Grocery Manufacturers of America can expect to keep well occupied, and to be assured of an attentive membership.

It was in the '60s, you may recall, that rampaging consumerism produced picketing housewives at supermarkets and at supermarket industry meetings, while industry spokesmen became regular talk show celebrities. As a veteran of the Sizzling Sixties (with even a brief stint at GMA), I hereby make myself available to the talk show circuit (we now have a cable network of talk shows) for first-hand background briefings on consumerism activities, not unlike the retired generals at the Desert Storm news media gatherings. I can bring meaning and perspective to what may often seem like chaotic, disorganized dementia. Make no mistake about it, with the right ingredients, the right motivators and the right adversaries, consumerism can turn into a Roman circus.

And so it could be, with the onset of nutrition labeling, that the catalyst for the '90s blaze of consumerism is ignited. If you have ever been involved with the firebrands of politically correct nutritionism, you know that this is a subject not to be taken lightly. As a social issue, correct nutrition has the potential to be as volatile as nuclear energy or insecticide residues.

Pity the poor Department of Agriculture. Always wanting to be on the side of consumers and the angels, it constantly gets tangled in its own promotional and regulatory underpinnings. Unlike the Food and Drug Administration or the Environmental Protection Agency, it can't just say: "Stop doing that!" The minute it issues a regulatory decree or a consumer affairs dictum, it runs afoul of one of its primary responsibilities (in the eyes of agriculture)—that it is also the promoter of American agriculture, all agriculture, not the least of which are producers of red meat and dairy products.


Bread, Cereal, Rice, Pasta. 8–11 Servings.
Vegetables. 3–4 Servings.
Fruit. 2-3 Servings.
Meat, Poultry, Fish, Beans, Eggs, Nuts. 2–3 Servings.
Milk, Yogurt, Cheese. 2–3 Servings.
Fats, Oils, Sweets. Use Sparingly.

It has been a good twenty years since that beautiful clover leaf, depicting the Basic Four food groups for healthy eating habits, was quietly shelved. At that time, nasty cholesterol clogging of arteries was just beginning to be accepted by the medical profession and nutritionists as connected to diet and therefore life-threatening. The Basic Four, and the suggested servings, if taken literally, they said, would make Americans even fatter and more unhealthy than they already were.

Now, the USDA Pyramid of Good Eating has been attacked as confusing to children. Things at the top of the pyramid, we're told, we should eat less of than things at the bottom. But children think things at the top of a pyramid are better than things at the bottom.

It so happens that the beef industry and the dairy industry don't particularly like it that their end of the pyramid is narrower than the bottom and has fewer servings. They have made their feelings known. After spending umpteen millions of dollars on advertising campaigns to influence consumers, they do not take kindly to the federal government advising their customers to go easy on their products.

What to do? USDA has withdrawn the pyramid for further study. In the land of official obfuscation, that usually translates into, "Let it gather dust in the archives of the Smithsonian until everybody forgets about it."

But we have a solution. Don't abandon the Pyramid of Good Eating. Just turn it upside down. Call it the Wedge of Good Eating. Now, the good things are at the top and there's more of them.

Or … how about a dart board target? High servings (and high scores) are on the outer rings. All dart players know that. USDA could send out The Dart Board of Good Eating to all the schools of America to help teach good nutrition. We could allow a bonus of double or triple coupons in the center. That would be a supermarket option, of course. The more I think about it, the more I think we have a winner here. ■

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PREPARED FOODS HOLDS UP WELL IN FOURTH ANNUAL OPERATIONS REVIEW

Supermarket foodservice departments continued to grow despite economic pressures during the past year. How well are these operations suited to today's spending environment?

BY DAVID LITWAK AND JANET TORRES CEPEDA

- When the economy takes a nosedive, the sale of food that is prepared outside the home will drop as well. That's a basic economic truth, as predictable as the law of gravity, right?

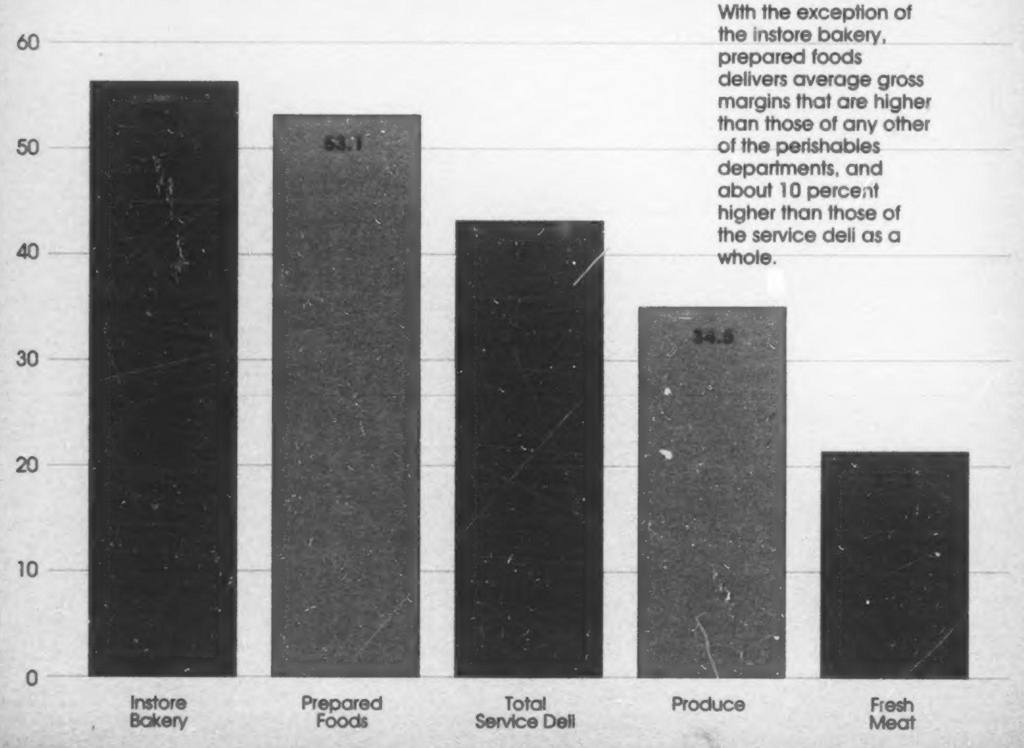
Well ... not quite. While fast food outlets and sit-down restaurants had a miserable year in 1990, the sale of prepared foods in supermarkets did not miss a beat. In fact, sales of take-out and instore-consumed foods increased last year by 22 percent over 1989's record figure, climbing from $3.88 billion to $4.71 billion.

With the economy in turmoil and fears of recession a daily concern for shoppers in 1990, how did the supermarket industry manage to do so well in the foodservice area?

The answer is fairly simple: Customers continued to demand the convenience of prepared foods ... and the industry made it available to them. In 1990, consumers demanded that prepared foods be convenient, nutritious and reasonably priced. These components had never before been so equally important to the consumer when making decisions about purchasing food. The supermarket industry, happily, was able to deliver all three elements in their foodservice offerings.

It is true that some con-

Gross Margins of Various Store Departments



With the exception of the instore bakery, prepared foods delivers average gross margins that are higher than those of any other of the perishables departments, and about 10 percent higher than those of the service deli as a whole.

Food service

PREPARED FOODS CENSUS

Almost all (90%) of supermarkets with service delis sell prepared foods, bringing the total number of units with prepared foods up to 18,877. Most supermarkets merchandise both hot and cold prepared foods in their delis and adjacent cases.

Sales of prepared foods through all these units reached the $4.7 billion mark in 1990. This was an increase of 22% over 1989's figure, despite hard economic climates in many regions of the country. On a weekly basis, average per store sales fell just shy of $4,800.

With the exception of the instore bakery, prepared foods delivers average gross margins that are higher than those of any other of the perishables departments, and about 10 percent higher than those of the service deli as a whole.

The 2.7% of total store sales that the average prepared foods operation accounts for contributes an average of 5.5% of the total store profits, plus many ancillary benefits to the competitiveness of the rest of the store.

Prepared Foods Sections

	Total Units With Instore Delis Selling	Percent of Number of Supermarkets Selling
Any prepared foods (hot or cold)	**18,877**	**90%**
Hot foods	**16,990**	**81**
Refrigerated prepared foods	**16,570**	**79**

7% of these stores started selling prepared foods in 1990.

Sales & Profits

Prepared Foods Share of Total Store Sales

Mean **2.7%** Median **2.2%**

Contribution of Prepared Foods to Store Profits

Mean **5.5%** Median **5.7%**

Annual Sales 1990

Prepared Foods **$4.71 Billion** Up **22%**

Average Weekly Sales

Mean **$4,798** Median **$4,490**

Gross Margin	
$2,001 - $3,000	**4 %**
$3,001 - $4,000	**52**
$4,001 - $5,000	**39**
$5,001 & over	**56**

Average Gross Margin of Prepared Foods

Mean **53.1%** Median **52.5%**

Gross Margin	
Less than 40%	**3 %**
40 – 50	**21**
51 – 55	**17**
56 – 59	**56**
60 & over	**3**

Despite the economic turbulence that characterized a large portion of 1990, consumers still sought out the convenience of prepared foods.

sumers, with their incomes limited, turned away from prepared food last year, but greater numbers of consumers, because they were working longer hours than ever before, relied heavily on the convenience of prepared foods.

The percentage of supermarkets with service delis offering prepared foods rose to 90 percent last year. This, coupled, with an increase in the number of supermarkets containing a service deli, increased the total number of supermarkets offering prepared foods to 18,877.

Roughly 62 percent of all supermarkets in the country now offer prepared foods. Of the 18,877 stores that carry prepared foods, 16,990 sell hot foods, and 16,570 sell refrigerated prepared foods. Obviously, most supermarkets sell a variety of hot and cold foods.

If the availability and demand for prepared foods increased supermarket sales last year, then why did so many fast-food and restaurant chains have such a difficult time?

While there is no simple answer to this question, the most logical explanation might be that supermarkets are better positioned to offer consumers what they currently demand: convenience, nutrition and price.

Let's compare fast-food outlets and supermarkets and see how they stack up in terms of convenience, nutrition and price.

CONVENIENCE: In some ways, fast food is more convenient and in other ways the supermarket is more convenient. For example, no outlet is more convenient than a fast-food shop if all you want to do is pick up the food and get out, provided that the outlet has enough variety to cover all your needs at the time.

The supermarket becomes significantly more convenient if you need more variety, due to the greater number of prepared foods, and the availability of packaged and frozen products. It is unbeatably convenient if the customer also has to pick up other grocery or non-food items. Under these circumstances, the few minutes saved in shopping a small fast-food outlet will not be as convenient as the one-stop shopping of the supermarket.

NUTRITION: As for nutrition, or the freshness and wholesomeness of the prepared foods, in general the supermarket wins points on this component. Whether true or not in the individual case, fast-food outlets suffer when it comes to a quality image. Supermarket prepared foods, while generally not considered fancy, do enjoy a better image for freshness, quality and nutrition.

PRICE: Last year, price became a more important factor than ever before. If you have eaten in a fast-food restaurant lately, you know that fast does not mean cheap anymore. These outlets have lost their edge on price. Supermarkets, while never selling prepared foods cheaply, are still offering them at what appear to be reasonable prices for the perceived value of those products. Full-service restaurants continue to be even higher priced.

Money in the Bank

Using instore foodservice sections as a competitive tool against both other supermarkets and other foodservice outlets is certainly an advantage, but is it a profitable one?

Only after the foodservice section generates profits can the additional enhancements of competition, customer draw and additional product sales be appreciated. Considering the amount of space and labor that goes into foodservice operations, the section needs to continue to generate a substantial profit to justify its continual expansion.

On average last year, instore foodservice contributed 5.5 percent of the overall profits of the stores in which they were operating. This average varied greatly with the size and kind of foodservice operation in any individual store.

While production costs and total product costs are generally higher for prepared foods than for the majority of other food products in the store, they are able to command a high enough selling price to have one of the highest margins.

The average gross margin for prepared foods is 53.1 percent;

Food service

Last year, price became a more important factor than ever before. Supermarkets, while never selling prepared foods cheaply, are still offering these foods at what appear to the consumer to be reasonable prices.

only the instore bakery has a higher average gross margin (56.2 percent). The margin for prepared foods is a full 10 percent higher than the margin of the whole service deli (43.1 percent).

The high gross margin helps the section account for 5.5 percent of the store's profit on just an average of 2.7 percent of the store's sales.

Roughly a quarter of the sales of prepared foods go to pay for the labor that goes into making and selling those foods. The 24.8 percent labor factor in 1990 is an improvement over the 28.1 percent labor cost in 1989.

The decrease in labor costs is a factor of an increase in the amount of prepared foods that is sold through self-service (now up to 23% of the total), and a slight drop in the percent of instore staffers who are trained cooks.

Retailers believe that even more of their prepared foods will be sold through self-service in the future. Fifty-four percent indicated that their operations will be moving in the direction of self-service in the coming years.

What Sells

It is no wonder that instore foodservice is giving fast food a run for its money. The most popular products on the instore menu are traditional fast-food selections.

The largest share of the prepared foods sales in supermarkets goes to barbecued and fried chicken, which accounts for 18.6 percent of sales. The next two most popular products are pizza and sandwiches, which account for 15.8 percent and 14.2 percent, respectively.

It is not until we get to the next group of products ranked by popularity that we get into the more upscale or sophisticated menu selections. Hot entrées account for 10.6 percent of sales; refrigerated entrées bring in 9.0 percent; main dish prepared salads (8.2 percent) and prepared side dishes (8.0 percent). These are what most operators and industry writers readily point to as showpiece or signature items.

As just mentioned, hot prepared foods still have sales slightly above those of refrigerated prepared foods. Expect that relationship to flip-flop in the next year or two.

When asked what kinds of

PREPARED FOODS SALES, LABOR, PRODUCTS

The higher overall sales of prepared foods in supermarkets was enjoyed by the majority of stores selling these products last year. Seventy-three percent of the operators reported that they had higher prepared food sales in 1990, while 22% said their sales were about the same as in 1989. Only 5% reported a drop in prepared foods sales.

The labor picture improved for prepared foods production and sales in 1990. Last year 24.8% of sales went to pay for labor, while in 1989 28.1% was spent. Also the percentage of staff that are highly paid trained cooks decreased to 17.8% last year.

Chicken is the number-one prepared food item in supermarkets, followed by pizza and sandwiches. It would appear that many stores and their customers are not yet ready to upgrade to fancier kinds of entrées and main-dish salads. The popularity of these simpler items probably helps to keep the number of trained cooks needed to a minimum, because the preparation of many of these items is often systematized.

Changes in Dollar Sales of Prepared Foods

(1990 vs. 1989)

Higher	**73%**
No change	**22**
Lower	**5**
TOTAL	**100%**
Average reported increase	**17.5%**

How Much for Labor

(As percent of prepared foods sales)

Mean **24.8%** Median **28.6%**

Less than 15%	**7%**
15-24	**65**
25-34	**19**
35 and over	**9**
TOTAL	**100%**

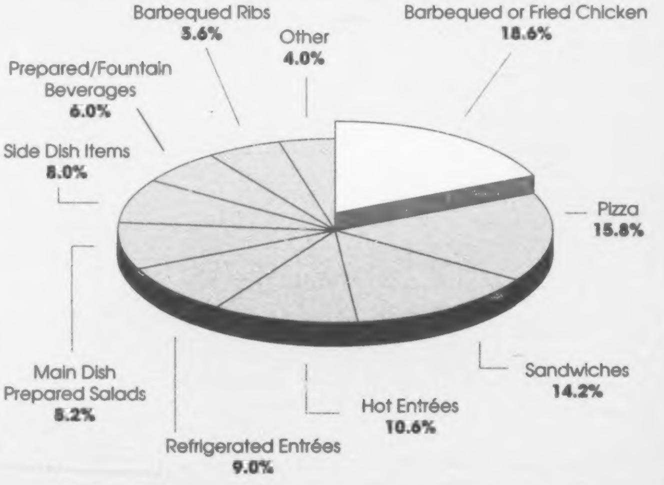
Percent of Total Prepared Foods Sales Sold Through:

Service deli	**70%**
Separate hot service counter	**7**
Self-service area	**9**
Refrigerated case	**14**
TOTAL	**100%**

Trained Chefs

Percent of instore staff that are trained cooks	**17.8%**

Portioning the Foodservice Sales Dollar



prepared foods they expected to be offering in the future, 66 percent of the operators said they would be offering more cold foods, while only 8 percent would be offering more hot foods. The remaining 26 percent saw no changes in their hot-cold product mix.

This is consistent with most of the prevailing trends in the instore foodservice industry. Retailers said that they were going more toward self-service, which cuts some labor costs and is generally more convenient for the consumers, who avoid the lines at the deli counter.

Refrigerated foods lend themselves more to self-service merchandising. Appearance and safety are also more easily controlled when merchandising cold food.

The production side of the foodservice operation is still very much an out-of-house affair. Seventy-two percent of the prepared foods sold through supermarkets start as basic foods bought from foodservice suppliers. In some cases these basic prepared foods are finished or doctored into final products, and in many cases they are simply garnished and put in the case.

Despite a high preference for purchasing finished prepared foods, and the lower availability of trained cooks, there is a move among many in the industry toward at least some in-store production. Currently, about 24 percent of prepared foods are made instore. When asked, 50 percent of the operators said they planned to increase instore production.

This will probably place even more strain on the available labor pool of skilled foodservice workers, and put more of a burden on the instore staff to control the additional elements of food safety that come with in-store production.

As if on a parallel track, 44 percent of the retailers felt that they would be buying more prepared foods from foodservice in the future. Beyond retailers switching production methods back and forth, this indicates that many operators plan to expand their foodservice offerings and will use more than one method of production, as many now do.

The remaining 6 percent of the retailers questioned said they would rely more on a central company kitchen to produce prepared foods in the future. Currently, only about 3 percent of the nation's supermarket foodservice products are centrally produced, while less than one percent comes from local restaurants or caterers.

For those products that are produced instore, the channel of distribution of ingredients and supplies becomes an important factor. Supermarkets appear to have broken through the traditional "wall" that separated foodservice distributors from grocery buyers.

In 1990, 81 percent of the retailers cited foodservice dis-

Retailers are going more toward self-service, which cuts some labor costs and is generally more convenient for the consumer, who can avoid lines at the deli counter.

PREPARED FOODS MERCHANDISING & PRODUCTION

Cold seems to once again be the wave of the future. Two-thirds of the retailers reported that they expected their foodservice sections to be offering more refrigerated foods in the future. Only 8% said that they would be increasing the number of hot items.

Both service prepared foods and self-service prepared foods will be merchandised in the future, according to retailers. Refrigerated foods make the transition to more self-service somewhat easier to handle for most operators.

Instore cooking will increase in many cases, but the majority of prepared food items will continue to be bought already prepared from foodservice suppliers. The foodservice distributor will continue to be the supplier of choice for all ingredients and foodservice supplies.

In Which Direction Will Your Prepared Food Sections Go in the Future

More service	**46%**
More self-service	**54**
TOTAL	**100%**

Kinds of Prepared-Foods Products You Expect in the Future

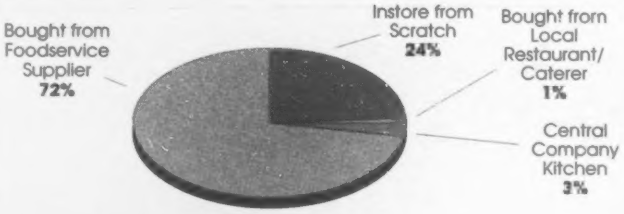
	Entrée	Side Dishes
More hot foods	**8%**	**5%**
More refrigerated foods	**66**	**72**
No change	**26**	**23**

*Includes multiple responses

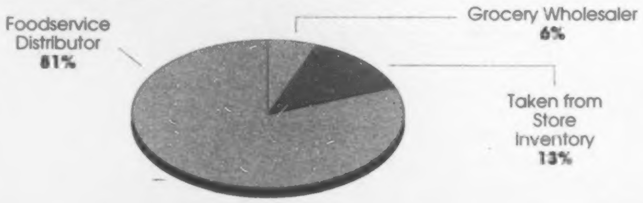
In Which Direction Do You See Your Foodservice Preparation Going in the Future

More instore	**50%**
More central kitchen	**6**
More food service supplier	**44**
TOTAL	**100%**

How Food Products Are Produced



Where Foodservice Products and Ingredients Are Bought



tributors as the major source of their ingredients and supplies for their prepared foods operations, and only 6 percent received the major bulk of their ingredients from their grocery wholesaler.

The other 13 percent were self-providers, supplying their foodservice needs from their store inventories. This may be the way the consumer perceives supermarkets preparing food, but it is usually a more costly method for the retailer.

Hungry? Well, Sit Right Down!

Supermarkets may never replace the roadside diner, or the small bistro, or even the fast-food burger joint as the place to dine away from home, but they are steadily increasing the availability of instore eating for their customers. Last year the number of supermarkets with eating areas, snack bars and restaurants increased slightly.

More than 50 percent of all supermarkets, and 74 percent of supermarkets having a service deli, have a place where customers can sit down and consume the products they have bought.

This makes the 15,521 supermarkets that have eating areas mini eat-in foodservice purveyors. It's almost like having an informal snack bar on the premises without actually having one.

In terms of snack bars, 2,517 stores now actually have one. While not exactly becoming a "hot" department for inclusion in stores, it means that 12 percent of all stores with delis have a snack bar.

Snack bars serve to keep customers in the store who may feel inclined to leave because they are hungry. It is also convenient for employees and can be a profit center if done properly.

The average gross margin for supermarket snack bars is 52.3 percent. Despite the high margin, many retailers complain that snack bars don't pull their own weight. Often too large, snack bars can be empty during off hours and crowded during mealtimes, putting an emphasis on the proper management of the hourly allotment of resources to the area.

Supermarkets may never replace the roadside diner, but they are steadily increasing the availability of instore eating for their customers.

Sit-down restaurants and cafeterias are still under-represented in supermarkets, with only 461 in operation. The jump from snack bar to full restaurant or cafeteria is a big one for most retailers. Justifying a full-scale foodservice operation requires the right levels of surrounding population, area businesses, competition, and available space and labor.

If conditions are advantageous, a supermarket restaurant can do quite well, bringing in margins of more than 57 percent. The space needed for such an operation is large—on average a restaurant or cafeteria in a supermarket occupies almost 1,400 sq. ft.

In this review, we have many times expressed the number of snack bars, or stores offering hot entrées, as a percentage of the total number of stores with service delis. Tying these numbers to the number of service delis makes sense because instore foodservice is almost always tied into the deli operation.

Ninety percent of snack bars located in supermarkets are managed by the deli department. When it comes to off-premises catering, 95 percent are managed through the deli, while 78 percent of supermarket restaurants and cafeterias are also managed by the service deli. Even if there is a corporate foodservice director, at store level most of the operation is combined with the deli.

In 1990, the combination of deli and instore foodservice continued to be a powerful part of the competitive strategy of most supermarkets. Foodservice, especially in the form of prepared foods, still managed to grow despite economic hard times. Rather than becoming a drain on store profits during the recession, foodservice operations seem to have helped stabilize the influence of the supermarket. ■

EATING AREAS

Most retailers seem to be willing to give their customers a place to sit down to eat foods they have purchased, because 15,521 stores now have these eating areas. Retailers are much more reluctant to put in snack bars or restaurants, with only 2,517 snack bars in operation and 461 restaurants/cafeterias. Eating facilities, such as snack bars and restaurants, while not for everyone, can be profitable. Their gross margins are usually in the mid to upper 50s range and 92% of the operators who have them do consider them to be a profit center as well as an image/traffic builder.

Retailers are promoting their various instore foodservice offerings in much the same way that they promote their delis. Newspapers are the medium of choice for instore promotion, with store circulars, sampling and POP materials also used by the majority of operators.

Stores With Eating Areas

	Number of Supermarkets	Percent of Stores with Delis Having Each Section
Snack bars	**2,517**	**12%**
Sit-down restaurants/cafés	**461**	**2.1**
Sit-down eating areas	**15,521**	**74**
Drive-thru areas		**<1%**

Average Size of Sit-Down Restaurants/Cafeterias

1,390 sq. ft.

Average Gross Margins of Eating Sections

Snack bars	**52.3%**
Restaurants/cafeterias	**57.5%**
Off-Premises catering	**61.8%**

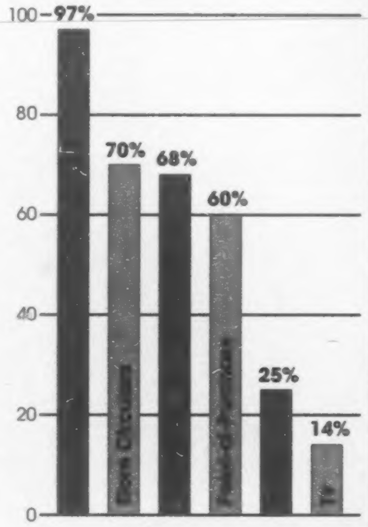
Who Manages the Sections

	By Deli Dept	As Separate Section
Snack bars	**100%**	**—**
Restaurant/cafeteria	**78**	**22**
Off-premises catering	**95**	**5**

Do You Consider Instore Eating Facilities:

Image/trraffic builders	**8%**
Profit centers	**0**
Both	**92**
TOTAL	**100%**

Advertising and Promotion Instore Foodservice



SUPERMARKET BUSINESS

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VOLUME 46/NUMBER 8
AUGUST 1991

ANNUAL SURVEY OF GM PERFORMANCE

FRESH MEAT *STRIKES BACK*

BEEF slows its slide, while prices increase

POULTRY consumption continues upward

1990 was best year in past five for meat sales

Ralp
Executive Vice President

Patrick Collins
President

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THE LOOK OF PRIDE

Ralphs takes the 'value added' route with its Private Selection brand

SUPERMARKET BUSINESS

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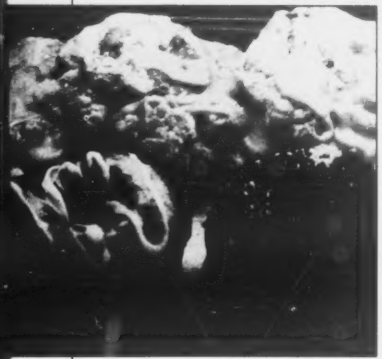
page 23

page 31



page 45

Cover Photo: Juaquine E. Matthews

FEATURES

FRESH MEAT STRIKES BACK
SECOND ANNUAL FRESH MEAT OPERATIONS REVIEW 23
DAVID LITWAK AND JANET TORRES CEPEDA

Sales of fresh and cured meats registered a healthy 3 percent increase in 1990, twice the increase recorded in 1989 and the largest increase in five years. The increase was spurred by sales gains in beef and poultry.

WHAT'S THE CASE NOW FOR CASE-READY MEAT? FRANK HAMMEL 31

Because it has so many advantages over beef that must be prepared in the back room, it's easy to make a case for case-ready beef. Then why are supermarkets so reluctant to carry it? It has a lot to do with the color purple and misquided pricing habits.

INSTORE BUSINESS

THE NICEST LITTLE SUPERMARKET IN NORTHERN INDIANA
FRANK HAMMEL 45

When Charles Schramm's customers started driving 20 miles away to shop in shiny new supermarkets that featured deli departments, he tore down his store and built a 17,000-sq.-ft. supermarket, with a deli department, of course. Some people say Woodies is the nicest looking little supermarket in Northern Indiana.

PREPARING FOOD
THERE'S MORE TO KEBOB THAN FOOD ON A STICK ELAINE READER 51

Ready-made skewers are a perfect product line for supermarkets. This ancient method of cooking can be used with beef, lamb, pork, chicken, vegetables and fish. We show you how to prepare these skewers, and offer some intriguing summertime recipies.

SHOPPING HABITS:
HAS THE RECESSION HURT SUPERMARKETS? 55
DAVID LITWAK AND JANET TORRES CEPEDA

Are supermarkets, particularly their instore departments, reeling from the same drop-off in sales that seems to have affected so many other areas of the business world? The answer may surprise you.

NONFOODS BUSINESS

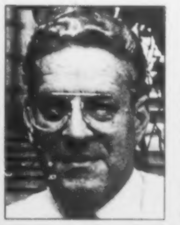
TAKE A RIDE ON THE GM SCREAMER 63
DAVID LITWAK AND JANET TORRES CEPEDA

You don't need a ticket to ride on the GM Screamer. Just sit down and chart the annual sales growth of your GM department. But hold on; it's a wild ride, and retailers seem unable to slow it down.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 5
WASHINGTON BRIEFS 7
TRADESCAN 9
PRODUCE 13
SUPPLIER SIDE 17
TECHNOLOGY 19
ADVERTISER'S INDEX 77
CONTEST 78
CHECKOUT 80

NEAR MISSES IN BUSINESS REPORTING



Hardly a week or a month goes by, it seems of late, when the general business press doesn't carry a major feature on the supermarket business. Not so long ago, this was not the case.

This is probably because the supermarket industry was so recently discovered by Wall Street and the security analysts—in the mid-'80s, or so. Food stocks have been hot stuff among retailers as well as manufacturers, even during this recession, because sales and profits in this industry have held up well.

But the curious thing is how often these sometimes lengthy feature articles are way off the mark. A few months ago, *The Wall Street Journal* carried a long and jaunty piece about how marketers now know exactly what brand and flavor of herb tea your Aunt Daisy prefers, and what additional assorted items she would be apt to buy, say, on the morning of April 17th.

This was all supposedly a result of the miraculous and mysterious things that can be done, today, through the magical processing of scanner data. The fact that you would have to build an enormously expensive data base was barely mentioned. The additional fact, that most attempts in this area have proved more expensive and time consuming to perform than they are worth, had little impact on the writer or *The Journal*. This is the business journalism myth of *Star Wars* marketing.

In two recent articles in *Forbes* we learned that (a) the success of Food Lion is all because the store managers do not have to waste their time performing buying and pricing chores, because all this is done centrally in the North Carolina headquarters. *N'est-ce pas?* And (b) in the next article a few weeks later, it was explained that food stocks were losing their glow to sharp market analysts because of rampant price wars. (We know of only one, in Phoenix, which we reported a year ago).

In addition, and possibly contradictorily, consumers were suffering by not getting price breaks that would otherwise be passed along, if it were not for all the big companies involved in LBOs. This drivel went on like this to explain that by closing failing stores, both Vons and Safeway had become leaders in their markets, and [thus] "by dominating market share in key areas, the chains could control pricing." Phew! This same article discovered the use of "double" coupons, and explained how they work.

It takes effort to understand the supermarket industry. Sadly, the general business press has not made that effort.

In a smorgasbord of supermarket operations around the country, which appeared in *Forbes*, May 27, we not only learn that, "If the industry weren't so leveraged, the consumer would be getting better deals," says Dean Witter, but that "American consumers, burdened with debt and cutting back spending in a recession, are simply spending less on food," says DRI/McGraw Hill economist. (We found no such general trend at all in our own research. See "Shopping Habits," page 55.)

Still fascinated with those price wars, the writer of the *Forbes* piece moves on to Atlanta, where Winn-Dixie has adopted an EDLP format, and Kroger "... immediately offered triple coupons—dipping into its own pocket to offer the consumer twice [sic] the value of a coupon."

The real whopper of the article occurs at its conclusion. "How to fight back?" the writer asks rhetorically, then answers, "Some chains are starting to use the information generated by their scanners at the checkout ..." (here we go again) ... "to counter quickly what the competition does—not unlike the way airlines instantly adjust fares. Vons, for example, is experimenting with labor-saving electronic price displays linked to its checkout scanners. That way, prices can be changed instantly. 'That's rational competition.'" explains Paine Webber analyst Gary Giblen. That's barnyard documentation! we exclaim.

The beat goes on. The *Times* Sunday business section, May 26, picks up on the *Wall Street Journal Star Wars* myth of modern marketing called, "Targeting the Grocery Shopper." What else? With a huge close-up photo of a scanner with a UPC code on a product reflecting those mysterious scanner lines.

The caption to the photo says, "For years, bar code technology has been used to monitor supermarket inventories. [Really? We thought it was sales, or movement.] Now it may [*may* is the key word] also tell stores who is buying what." This article is more realistic than the *WSJ* story of March 18, because it does get around to telling the reader that electronic marketing may not be as wonderful as we have been led to believe, and that Citicorp has cut back in this area.

In neither of these articles on electronic marketing was the most important question raised about processing these enormous mounds of data. Namely: Who shall pay? Citicorp didn't get around to this question until top management pulled the plug on its Reward America program.

Continued on page 9

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FRESH MEAT STRIKES BACK

SECOND ANNUAL FRESH MEAT OPERATIONS REVIEW

An upsurge in growth was the big news in the meat department in 1990. Sales rose 3 percent as beef pulled out of its slide.

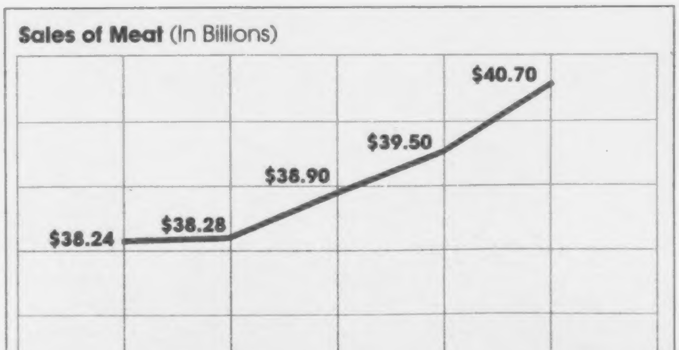
BY: DAVID LITWAK AND JANET TORRES CEPEDA

Much to the delight of ranchers, butchers, and just about anyone connected with the meat industry, the sales of fresh meat rose in supermarkets in 1990. The increase was spurred by sales gains in beef and poultry.

Sales of fresh and cured meats increased 3 percent in 1990. This gain was about twice the increase in meat sales in 1989. As a matter of fact, during the prior two years together (1988 and 1989) meat sales increased only 3.2 percent. Last year's 3 percent increase was the largest in the past five years.

The reason for this is easy to explain, at least from a numerical point of view. Beef sales were up 2.9 percent versus last year. As beef goes, so goes the meat department.

Coupled with the increase in beef sales was an increase of



In 1990 the meat department saw its biggest sales increase in more than 5 years. The section generated sales of $40 billion last year.

SALES & PROFITS

In the nation's 30,750 supermarkets, the $40,665,505,000 meat sales averaged out to $25,432 per store per week. In larger stores the average weekly sales exceeded $35,000.

Most supermarket companies (69%) report a slight increase in meat sales over the past year. However, 21% of the companies, which is a significant amount, did experience a drop in their 1990 meat sales.

The meat department's share of total store sales and its contribution to store profits remained fairly stable last year. There was a small increase in the department's gross margin; it is now up to 22.9%.

Sales:

Number of Meat Departments	**30,750**
100% of All Supermarkets	
Total Sales of Fresh & Cured Meat*	**$40,665,505,000**

*Does not include fish, or products sold at the Service Deli.

Average Weekly Sales Per Store

Mean **$25,432** Median **$26,320**

By Type of Store:

Conventional	**$18,900**
Larger Store	**$35,685**

Meat's Share of Total Store Sales

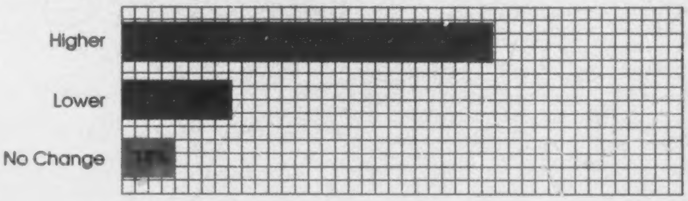
Mean **17.6%** Median **16.8%**

Meat's Contribution to Overall Store Profits

Mean **16.6%** Median **15.0%**

Changes in Dollar Sales (1990 vs. 1989)

(% of Companies Reporting)



Average Gross Margin

Mean: **22.9%** Median: **23.1%**

Less than 18	**4%**
18–20	**27**
21–22	**30**
23–24	**22**
25–26	**9**
Over 26	**8**
Total	**100%**

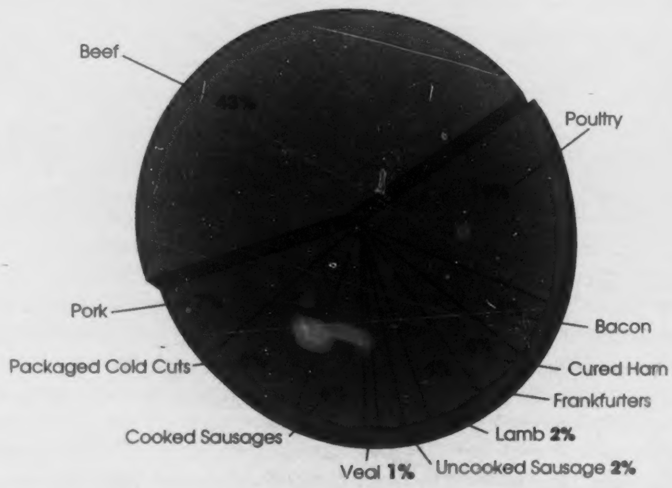
PRODUCTS

Despite the gains in sales and departmental market share by poultry, the meat department may as well be called the "cow" section. Beef still completely dominates the section, commanding 43% of the sales which is 1 percentage point under its 1989 share of meat sales. Supermarkets sold more than $17 billion worth of beef in 1990.

Poultry gained 2 share points last year and now accounts for 19% of all meat sales, roughly $7.6 billion, while pork lost 2 percent of market share. Its sales of $2.86 billion account for just 7% of meat's sales.

Supermarkets are branching out with the kinds of products that their meat departments now sell. They are offering more prepared dishes, such as ready to cook entrées, side dishes, and packaged prepared dishes, and more specialty cuts of meat, such as "Certified Angus" and "Natural Beef."

Portioning Out Meat Sales



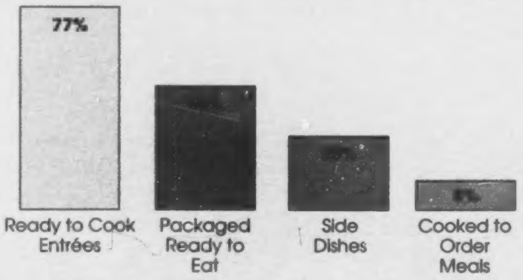
Dollar Sales of Fresh Meat

(Add 000)	
Beef	**$17,267,481**
Poultry	**7,611,389**
Pork	**2,855,150**
Lamb	**940,091**
Veal	**406,796**

Type of Beef Used

Boxed Beef	**92%**
Case Ready	**6**
Close Trimmed Boxed Beef	**1**
All Others	**1**
Total	**100%**
Standard Trim	**1/4 inch**
Stores with Smokehouses	**4%**

Sales of Value-Added Meat Products



Sales of Specialty Items (% of Companies)

	Now Selling	Will Sell More in Future	Will Sell Less in Future
Certified Angus	**13%**	**8%**	**5%**
Natural Beef	**12**	**15**	**0**
Other Branded Cuts	**10**	**12**	**0**
"No Roll"	**37**	**12**	**6**

4.3 percent in the sales of fresh poultry. When sales of the top two product categories in the department increase, the departmental totals follow suit.

On a product-by-product basis, the interaction between consumption patterns and prices has a dramatic effect on the meat category. Even though dollar sales of beef increased, for instance, per capita consumption actually decreased slightly (-1.4%). An increase in beef prices of about 4.2 percent to consumers pushed the dollar amounts up.

Even though the tonnage of beef slipped somewhat, 1990 was still a very good year for the beef industry. The loss of only 1.4 percent in per capita consumption actually represented the beginning of what the industry hopes will be a turnaround for supermarkets' single biggest product category. In the past three years, per capita consumption of beef had slipped 5.2, 3.7 and 8.0 percent.

Fresh poultry continues to be a boon to producers, retailers and consumers alike. Total dollar sales continued to rise last year. Boosted by the continuing trend toward changing eating habits, sales of both chicken and turkey rose last year, as did the popularity of precooked, refrigerated chicken products.

Per capita poultry consumption was up 5.4 percent in 1990, while poultry prices remained stable. So dollar sales increases in poultry prices represented a pure gain in product sales, not in price changes. Poultry's 1990 gain was smaller than those of the prior two years, which saw increases of 10.8 and 7.5 percent.

A Real Porker

The dark spot in the meat locker belonged to pork, which had a dismal sales year in 1990. Dollar sales of pork decreased 13.5 percent. This was the largest drop in sales of any meat product since the performance of veal in 1986.

Significantly, pork lost a large portion of its dollar sales volume, despite a 9.6 percent increase in the price of the product. This means that per capita consumption of pork during 1990 was actually down about 21 percent. This drop was due to a combination of changing consumer trends and supply shortages.

Lamb remained the most stable performer in the meat case last year. Its sales of $940 million remained unchanged from the year before. Both per capita consumption and prices were unchanged last year.

Veal had another rough year in 1990, decreasing in sales volume by 4.1 percent. Per capita consumption was down 8.3 percent, but the category was bolstered by a 4.2 percent increase in retail prices.

The meat department received a great deal of assistance from the packaged cured and processed meat section. Sales of all the individual categories were up last year, with increases ranging between 5.1 and 8.0 percent.

Sales of the complete section increased 6.7 percent to a total of $11.58 billion. This represented a larger increase than the 2.0 percent the category showed in 1989. It appears that consumer confidence in the categories in this section has returned, and that the new products introduced over the past two years have helped stem the tide of consumer abandonment due to concerns about nutrition and food additives.

SPACE & LABOR

The average meat department got a little larger last year. It now occupies about 2,410 sq. ft. of space. Despite this increase in space, the weekly sales per square foot continued to rise in 1990. Each foot brought in $10.55.

There were very few changes in the department's labor picture last year. It still takes the equivalent of 6.1 full-time employees to operate the meat department, the same as in 1989.

The cost of this labor dropped ever so slightly from 10.6% in 1989 to 10.2% in 1990. The good news is that the employees appeared to be more productive. In 1990 each employee had average weekly sales of $4,169, which was $109 more than the 1989 average.

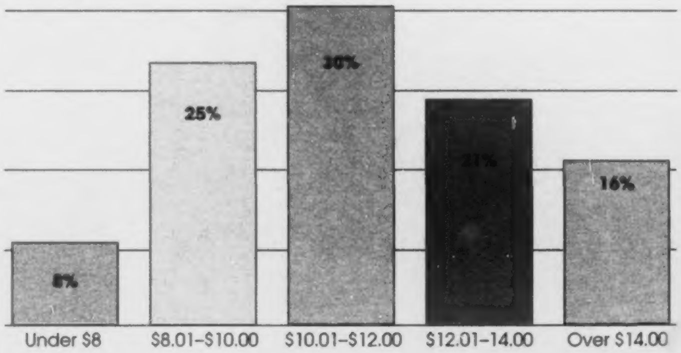
Size of Department	
Mean	**2,410 sq. ft.**
Median	**2,345 sq. ft.**

By Type of Store	
Conventional	**2,040 sq. ft.**
Larger Stores	**2,680 sq. ft.**

Average Weekly Sales Per Square Foot of Space	
Mean	**$10.55**
Median	**$10.37**

By Type of Store	
Conventional Stores	**$9.29**
Larger Stores	**$13.68**

Average Weekly Sales Per Square Foot (% of Companies)



Number of Employees	
Full-Time	**4.4**
Part-Time	**3.5**
Full-Time Equivalent	**6.1**

Meat Depts. With Trained Chefs	
None	**84%**
In All Stores	**5**
In Some Stores	**11**
Total	**100%**

Cost of Labor As a Percent of Meat Sales

Mean **10.2%** Median **10.8%**

Cost of Labor	
Under 8	**3%**
8–9.9	**28**
10–11.9	**32**
12–14.9	**28**
15 & Over	**9**
Total	**100%**

Average Weekly Sales Per Employee

Mean **$4,169** Median **$4,225**

The dark spot in the meat locker belonged to pork, which had a dismal sales year in 1990. Dollar sales of pork decreased 13.5 percent. This was the largest drop in sales of any meat product since the performance of veal way back in 1986.

Over 40 Billion Sold

Sales of fresh and cured meats through supermarkets hit a new high last year, reaching $40.67 billion. This makes the section second only to the grocery food department in total sales. As a matter of fact, the average share of store sales for the meat department was 17.6 percent (even higher in some supermarkets which are "heavy meat stores").

Meat is not only a heavy seller in almost every supermarket, it is also an important profit generator. Last year the meat department contributed an average of 16.9 percent of the total store's profits, based on an average gross margin of 22.9 percent.

With all the talk in the industry about offering more oven-ready or value-added products, and more service meat sections on the one hand, and more case-ready products on the other hand, one would expect the department's labor costs to have changed. But there has been no real change in the way labor affects the meat department's bottom line.

On average it still costs about 10.2 percent of sales to pay for the meat department's labor force. This is about where it was last year. The figure really hasn't changed because the number of employees in the department hasn't changed—there are still the equivalent of

MERCHANDISING & PROMOTION

If you want some meat, go get it yourself! This continues to be the motto of the meat department, as the overwhelming majority of them (70%) continue to be strictly self-service operations. The remaining departments are mostly combinations of service/self service operations, with few totally service departments. In the future, retailers say, there will be more service counters operating in the section.

Instore, meat departments are using recipe cards and sampling as the two most widely used methods of meat promotion. Nutritional fact sheets, cooking demonstrations and videos are declining in popularity as instore prmotions for meat.

Externally, newspapers continue to be the most popular form of advertising for the meat department. They are almost universally used (95%). Radio, store circulars, and POP materials are also used by the majority of companies.

How Meat Is Sold (% of Stores)

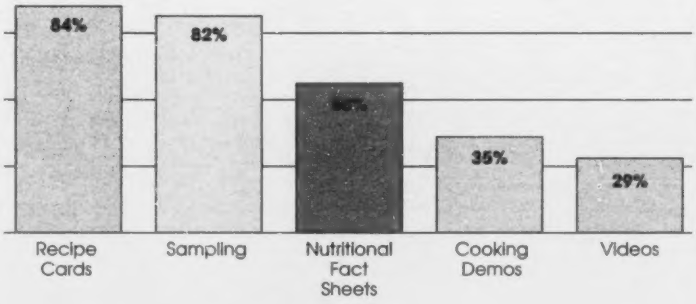
Self-Service Only	70%
Combination	18
Service Dept. Only	12

In Which Direction Will Your Stores Go In Future?

Toward More Service Meat	35%
Toward More Self-Service Meat	12
No Change	53
Total	100%

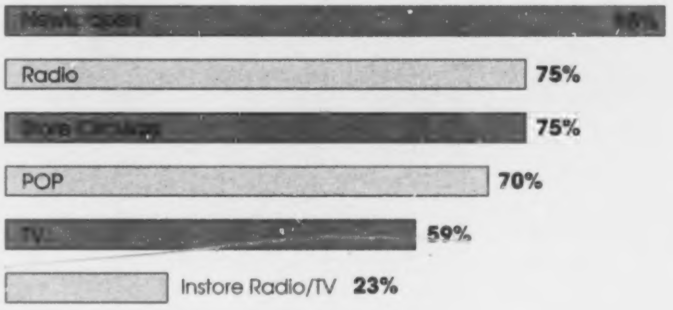
Use of Instore Promotions for Meat

(% of Companies)



How Meat Department Is Promoted

(% of Companies)



6.1 full-time employees.

Labor costs as a percentage of sales have not decreased with the increase in sales due to offsetting payroll and benefits costs. On average, each employee generates weekly sales of $4,169, which is an increase over 1989's $4,060.

More Products, More Space

With the proliferation of products in the meat case, and the various services that some retailers have begun to offer, it is not surprising that physically the meat section would slowly begin to grow. Last year the average department grew slightly to 2,140 sq. ft.

Growing along with the footage was the average sales volume per square foot of space. This grew from $10.42 in 1989 to $10.55 in 1990. Not stellar growth, but growth in keeping with the growth levels exhibited in the rest of the operational aspects of the department. Sales, space, and labor all grew slightly or remained close to their 1989 levels.

Despite the installation of service meat counters by many operators, self-service continues to be the predominant method of merchandising meat. Seventy percent of all supermarkets have only self-service meat departments, and additional 18 percent have a combination of service counters and self-service meats. Only 12 percent sell all their meat from behind the manned counter.

Retailers predict a slight upswing in the number of service meat sections in the future. Thirty-five percent indicated they would incorporate more service sections into their meat departments in the future. Twelve percent felt they would be more likely to go more in the direction of self-service in the future, while the remaining 53 percent saw no major changes in their meat merchandising in the future.

The meat department received a great deal of assistance from the packaged cured and processed meat section. Sales of all the individual categories were up last year, with increases ranging between 5 and 8 percent.

Promotion has been used extensively by both retailers and meat promotion boards to try to stem the tide of consumers cutting down on various cuts. Last year was no exception, although the medium used may have shifted a little.

Recipe cards are still the most popular form of meat promotion, they are used by 84 percent of the supermarket companies. Consumers are still looking for recipes that offer a lower fat and cholesterol alternative for preparing their favorite cuts of beef, pork, lamb, veal and chicken. Recipes cards also help them skillfully prepare new cuts of meat they are not familiar with.

Sampling is on the rise in the meat section, its use has increased from 76 percent of the companies to 82 percent last year. This should continue to grow as more supermarkets become more involved with prepared or semi-prepared meat products. Meat departments appear to be taking a cue from their deli and instore bakery neighbors in the use of sampling.

While 58 percent of the companies still use nutritional fact sheets as a promotional device, their use has dipped from 1989's 67 percent level. This drop, along with a similar decrease in the use of promotional videos (from 33 to 39 percent), is probably due to less new materials becoming available from the marketing boards and promotional agencies. The use of cooking demonstrations has also dropped from 43 percent to 35 percent during the past year.

The meat department, not unlike the original state of its major product, is usually a big, somewhat lumbering entity within the store, just sort of ambling along picking up sales at its own pace. With a department this size there is very little that any one promotion can do to change this pattern for any long term.

The strategy used by meat departments during 1990 was to tighten up the operation as much as possible and experiment with prepared dishes, alternative cuts and services. As a strategy, this appeared to work.

Most retailers find their meat departments to be far too much of a competitive tool and a profit center to risk damaging it with any radical departures from what they have done in the past. ■

SHOPPING HABITS: HAS THE RECESSION HURT SUPERMARKETS?

BY DAVID LITWAK AND JANET TORRES CEPEDA

It's a safe bet that supermarkets, particularly instore operations, will suffer when the economy goes soft. But when it comes to the current recession ... all bets are off.

Have supermarket service delis and instore bakery departments been hurt by the recession? Are customers spending less in general, selecting cheaper items and searching high and low for the supermarkets that offer the biggest bargains?

The answer to both questions is a resounding no. Shoppers may be buying cheaper items, but they have not yet put a lock on the wallet, according to an exclusive SUPERMARKET BUSINESS survey of both consumers and supermarket retailers. Only a quarter of the consumer group said they shop the service deli or instore bakery less often than before. Retailers told us that business may have slowed, but they are still waiting for the big drop-off in sales that seems to have affected so many other areas of the business world.

The nationwide survey was conducted in May by the ICR Survey Research Group (Media, Pa.). It included a telephone survey of more than 1,000 households. The respondents were asked if the declining economy had caused them to make changes in the items they buy, the prices they pay, the use of promotional products, or the places in which they shop.

At the same time, retailers were asked about the average size of their transactions, whether sales of less expensive cuts of meat and less expensive brands of grocery products had increased, whether they were offering more specials, and what effect the economy was having on their instore sections.

Both retailers and consumers did reveal some cutting back. Many consumers said they had switched to cheaper brands of grocery products, and retailers reported an increase in the sales of private labels. But no major change in consumer shopping or spending patterns was reported by either group.

Just one-third of the consumers said they had switched to cheaper cuts of meat or varieties of fish and

Illustration: Kieran Bergin

The recession may have caused consumers to give more thought to their grocery shopping.

seafood. They said the weak economy had not forced them to purchase less prepared foods at the supermarket. Retailers also said that instore sections have suffered little in this recession, but 59 percent of them have seen their customers switch to less expensive cuts of meat and varieties of seafood.

Many retailers (55 percent) said the average transaction amount had dropped slightly. But most retailers said customers are being more selective, switching to larger sizes or buying more specially priced merchandise.

"The transactions are the same, but the consumer is more selective. They want the most that they can get for their dollar. However, the cost of doing business has gone up substantially, just like in any other retail industry," said Louis Zaret, executive vice president, Grancentral Markets, Stamford, Conn.

Consumers said they had not cut their total weekly

Consumer Survey

Effects of Current Economic Hard Times on Grocery Shopping Habits
(Total sample—1,005 households)

Because of the Economy, Consumers are Likely to:	Yes	No
Change supermarkets	15.1%	82.2%
Spend less now on fresh meat/fish	34.0	64.7
Buy less expensive brands of grocery products	49.1	50.7
Spend less on weekly grocery bill	31.7	67.3
Plan grocery purchases more carefully	64.6	34.9
Use more coupons or shop store specials	63.9	35.1
Shop discount drug stores more	47.6	51.5

	more often	less often	same
Shop more or less often	5.7%	17.7%	76.2%

Shoppers have reacted mildly to the current economic conditions. They remain loyal to the store in which they normally shop, with only 15% changing stores for lower prices, although 47.6% are likely to shop discount drug stores more often.

In terms of what they buy, most consumers do not seem to be buying less expensive meat cuts (only 34%), but they are willing to buy less expensive brands of grocery products (49%).

Only 31.7% of the consumers said they have decreased their overall grocery bill, but almost two-thirds said they plan their purchases more carefully, and make more use of coupons and store specials. More than three-quarters of the consumers shop about the same number of times now as before the economic hard times set in.

Consumer Perceptions of Changes in Supermarket Prices Over Past 6 Months

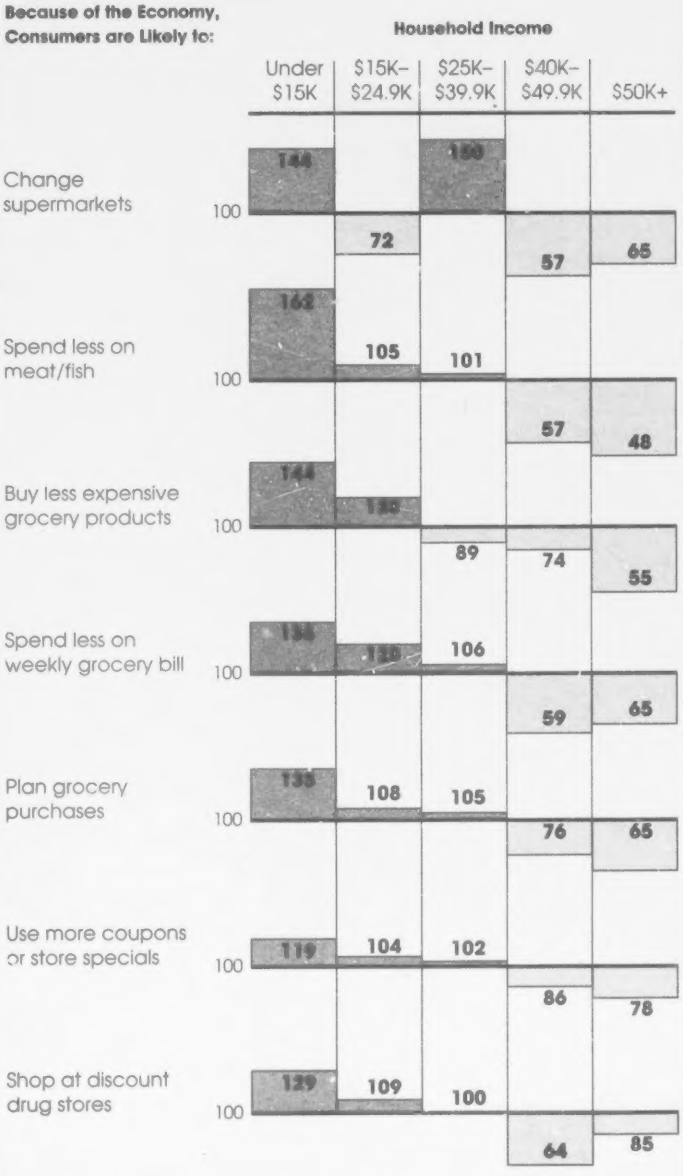
	Total	Northeast	North Central	South	West
Increased	36.7%	35.5%	36.5%	38.1%	35.6%
Increased, but More Specials Are Offered	21.4	29.6	19.3	21.7	14.9
Decreased	2.1	1.1	1.8	3.2	1.6
Decreased and More Specials Are Offered	2.5	.8	3.1	2.9	3.0
Stayed the Same	33.7	27.6	34.9	32.1	41.2
Don't Know	3.7	5.4	4.3	2.1	3.7
Total	100%	100%	100%	100%	100%

Consumers across the country were split as to whether they thought prices in their supermarkets rose during the past 6 months. Almost 37% of the consumers felt they were paying higher prices for supermarket products.

An additional 21% thought everyday prices were higher, but that their stores were giving them more specials; 34% saw no change in prices, with less than 5% benefitting from generally lower prices.

There wasn't much difference in the perceptions of prices being offered to them than other places in the country, and west coast shoppers saw fewer overall price changes.

Changes in Shopping Habits Among Different Income Groups
(Index of 100 is the national average)



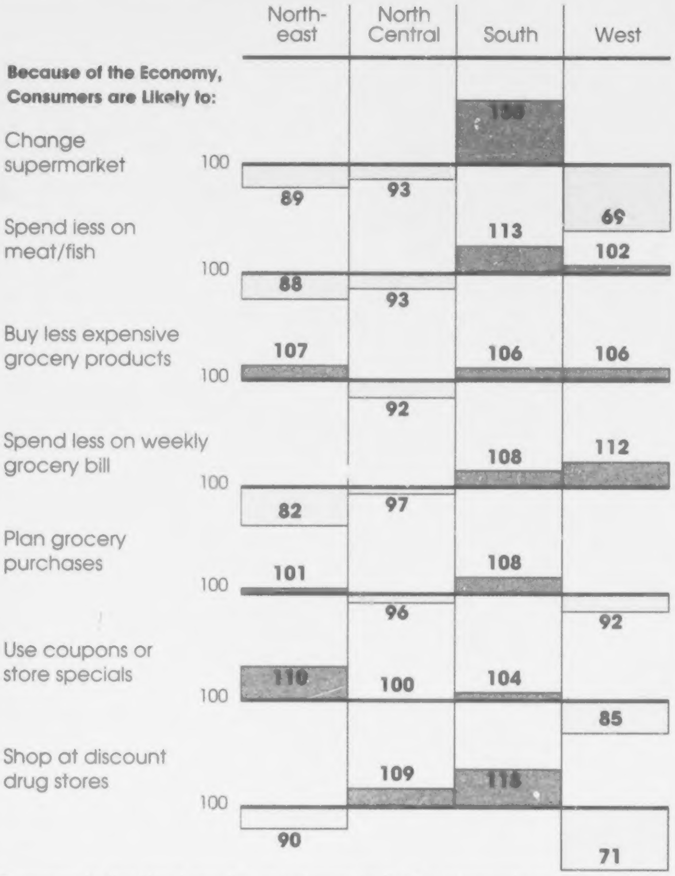
Not surprisingly, households with higher income levels are much less likely to change their shopping habits in response to the recession. In many cases, the group least likely to change their habits are those with incomes from $40,000 to $49,000.

The lowest income group, those earning less than $15,000, are the most likely to change the way they shop, especially in switching to cheaper cuts of meat or less expensive grocery items. These shoppers also spend less on their weekly grocery bills and plan their purchases more carefully. This group is also more easily pursuaded to change supermarkets, or to shop at discount drug stores.

Even when the hard times strike, consumers aren't willing to give up the convenience of prepared foods.

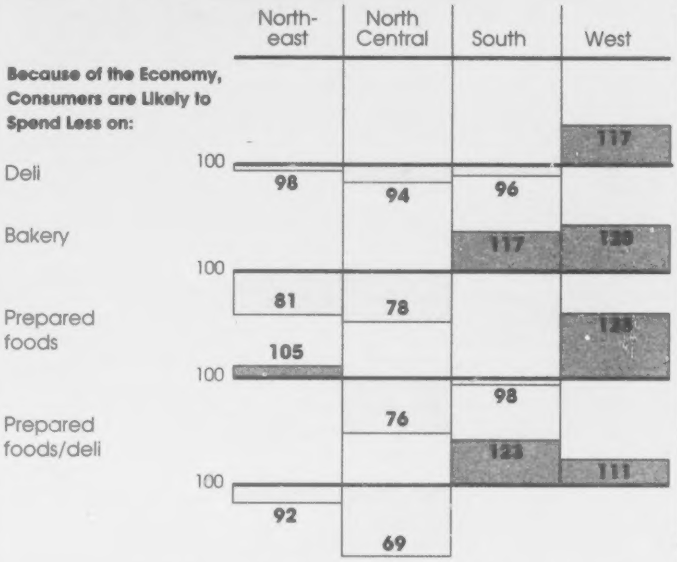
Consumer Survey

How the Economy Affects Shopping In Different Regions of the Country
(Index of 100 is the national average)



Shoppers in the West are the most loyal to their supermarkets, while those in the South are significantly more likely to change stores. Shoppers in the South and the North-Central regions are also more likely to shop at discount drug store these days. Southern consumers seem to have switched more to cheaper cuts of meat/fish and to spend less on grocery procucts (the West does too). Thile coupons and price specials are more effective in the Northeast and the South.

How the Economy Affects Shopping Instore Sections In Different Regions of the Country
(Index of 100 is the national average)



In general, most areas of the country appear to continue to be good markets for instore sales. Only the western part of the country consistently indicates that they shop the instore departments less often, and spend less per visit. The North-Central region is the least affected by the economy in terms of instore shopping, especially when it comes to purchasing prepared foods.

Effects of the Economy on Consumer Shopping Of Instore Departments
(Total sample—1,005 households)

Because of Economy, Consumers Are Likely to:

Shop Service Deli		**Shop Instore Bakery**
More often	5.2%	3.7%
Less often	24.7	23.8
Same	58.5	59.7
Don't shop	11.6	12.6
Total	100.0%	100.0%

Purchase Prepared Foods		**Amount Spent on Prepared Foods/Deli**
More often	6.0%	16.8%
Less often	32.2	25.3
Same	47.0	51.8
Don't shop	14.8	6.1
	100.0%	100.0%

Almost 60% of the consumers said they made no changes in how often they shop the service deli or the instore bakery. Since only 25% of the respondents said they shopped them less often, there is no real cause for alarm over the fates of these two departments.

Forty-seven percent said they purchased prepared foods at about the same rate as before the recession. Thirty-two percent said they had cut back on the frequency with which they buy prepared foods, and 6% purchase them more often today.

Despite buying prepared foods less often, almost 52% of the consumers said they spend about the same amount on their prepared or deli foods. Only 25% spend less, and almost 17% said they now spend more on prepared foods. Observers had thought foodservice departments would be the first to suffer in a recessionary cutback.

supermarket expenditures during the past few months. They also did not change supermarkets in search of lower-priced stores.

Another significant finding is that 47.6 percent of the consumers said they are now shopping discount drug stores more often. This seems to indicate that shoppers are more likely to change stores to seek out better prices for nonfoods items than for food products.

Instead of waiting for the major decline in sales that many retail economists have predicted, most retailers believe the industry has already seen the worst. "I think the recession will hit bottom and the economy will start to pick up in July, at least here in California," said Jack Brown, president/CEO, Stater Bros. (Colton, Calif.).

Fifty-nine percent of the retailers surveyed feel the recession has just about bottomed out, but many felt that sales would not pick up overnight. Recovery may be a gradual process. "It has almost bottomed out, but the economy will make a slow gradual comeback," said James Dewees, president/CEO, Sentry Markets (Waukesha, Wis.).

"The economy is starting to turn, but it will be a much slower climb than we had in the '80s," predicts William

Retailers have begun to see a move to less expensive meat and foodservice items in the past few months.

Rogers, president, Rogers Market (Ft. Wayne, Ind.). "I don't see folks feeling good until the first quarter of 1992. Those who went wild in the excessive '80s with plastic (credit cards) are feeling it now, and they don't want to fall into that category again."

Only 19 percent of the retailers felt the economy was going to continue on a downward trend, the remaining 22 percent declined to offer a prediction.

The accompanying charts reveal how both consumers and retailers responded to SUPERMARKET BUSINESS' questions on expenditures and shopping patterns in supermarkets during these economic hard times. ⓈⒷ

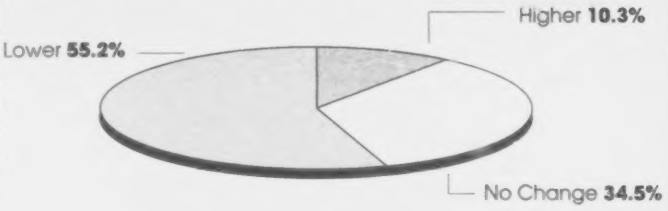
While retailers generally saw more of an effect on their sales than consumers admitted to, they claim the recession has not hurt them to a great degree. More than half the retailers did report a reduction in the average amount of their transactions, while a third saw no change.

Most perishable items were not hard hit by consumer reaction to the recession. Retailers report only slight trading down to less expensive deli, bakery or prepared food items. However, 59% do report that their consumers have switched to less expensive cuts of meat and fish. The hardest hit categories are grocery products, where 81% of the retailers felt that consumers were willing to by less expensive brands, or switch to private label products. Among grocery products there was some switching to larger package sizes to save additional money, but the practice was not widespread.

To aid embattled consumers and boost sales, 70% of the retailers claimed that they now offer more price promotions than they did a year ago.

Retailers' Analyses of Changes in Consumer Behavior in Their Stores

Change in Size (Dollars) of Average Transaction



Have Consumers Switched to Less Expensive Foods?

	Yes	No	Not Sure
Cuts of Meat/Fish	58.8%	20.8%	20.8%
Deli Items	23.9	57.2	18.9
Bakery Items	20.0	60.0	20.0
Prepared Food Items	25.0	55.0	20.0

Are There Any Signs of Consumers "Trading Down" on Other Types of Products?

Yes	81.3%
No	6.3
Don't Know	12.4
Total	100.0%

Changes in Price Promotions Over Past Year in Your Stores?

More Specials	70.0%
Fewer Specials	0.0
Same	30.0
Total	100.0%

Are Consumers Buying Smaller or Larger Package Sizes of Grocery Items?

Smaller	8.0%
Larger	32.0
No Change	24.0
Not Sure	36.0
Total	100.0%

Has the Recession Hit Bottom Yet?

Yes	59.4%
No	18.7
Don't Know	21.9%

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SUPERMARKET BUSINESS

NONFOODS BUSINESS

INSIGHTS FOR MANAGEMENT AND THE GM/HBA SPECIALIST

GENERAL MERCHANDISE OPERATIONS REVIEW

TAKE A RIDE ON THE GM SCREAMER

There is no simple explanation for the wildly fluctuating pattern of yearly GM growth. It appears to be a complex bundling of factors, some even occurring by chance.

BY DAVID LITWAK AND JANET TORRES CEPEDA

■ Have you ridden on the latest thrill ride? It's a roller-coaster called the Great General Merchandise Sales Screamer!

You don't need a ticket to ride the Screamer. You don't even need an amusement park. Just chart the annual sales growth of your GM department over the past 5 years and hold on tight; it's a ride that has steep ups and downs and sharp hairpin curves.

While the sales of general merchandise products in supermarkets have grown every year since 1985, the rate of yearly growth has gone up and down like a roller coaster. No two consecutive years have shown similar GM growth. The pattern has been one year of high growth followed by a year of much lower growth, with high growth returning during the third year.

For example, GM sales in 1990 reached $11.43 billion, which was an increase of 3.9 percent over 1989. Sales in 1989, which were $11.0 billion, were an increase of 11.1 percent over 1988, while sales in 1988 showed an increase of only 2.5 percent over 1987. That year was a very good year for GM, because 1987's sales represented a 13.5 percent increase over 1986. Completing the up-and-down pattern, 1986's sales were only 4.4 percent above those of 1985.

While GM sales between 1985 and 1990 rose a total of almost 40 percent, the rate of increase has been very cyclical, but at the same time, erratic. This makes planning for a GM department and predicting sales a difficult task for both retailers and suppliers.

There is no simple explanation for this cycle of relative gains in GM sales. It appears to be a complex bundling of factors, some even occurring by chance, that accounts for this growth pattern.

Some of the blame for this pattern can be laid at the feet of the retailer and some can be attributed to the nature of GM products.

GM is an amalgamation of product categories that runs from the essential to the obscure. While retailers are familiar with many of these products, such as light bulbs and stick goods, other products are relative newcomers to the supermarket.

At various times during the past 5 to 10 years, many supermarket companies greatly increased their GM departments, adding both new categories and vastly increasing the product representation of others. Housewares, home/office, video cassette rentals, apparel, hardware, auto and high ticket items are all examples of categories that exploded in supermarkets across the country. Suddenly, these products seemed to be in every large

SALES & PROFITS

Sales of general merchandise through supermarkets rose 3.9% during 1990, to reach the $11.43 billion mark. This is a new record for dollar sales in the department. The 3.9% increase was much lower than the 11.1 percent that GM enjoyed during 1989, continuing the pattern of high growth, followed by low growth, followed by a high growth year that the department has exhibited over the past 5 years. Departmental growth was fairly universal. While 84% of operators said their GM sales had increased in 1990, only 11% reported a decrease. The remaining 5% said their GM sales were stable between 1989 and 1990.

With average weekly sales reaching $7,148, the GM department now accounts for about 4.3% of the sales of the total store. The department accounts for more than 10% of sales in combination stores.

Profits are an important part of the GM story. On average, GM departments contribute roughly 14.7% of the total profits of the store, and just short of 37% when the department is in a combo store. This is due, in part, to an average departmental gross margin of 32.8%.

General Merchandise Sections:

Number of Stores that Sell General Merchandise	30,750
Percent of Supermarkets	100%

Average Weekly Sales

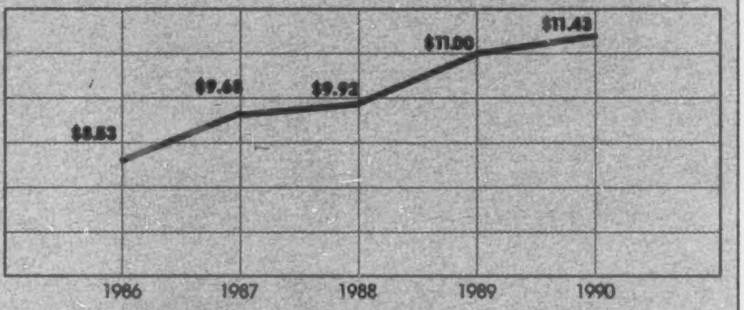
Mean **$7,148** Median **$7,381**

Conventional Stores	**$4,812**
Larger Stores	**$12,971**

Average Weekly Sales

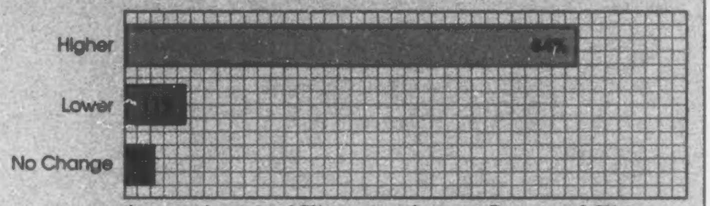
Less than $5,000	**5%**
$5,001–$6,000	**8**
$6,001–$6,500	**26**
$6,501–$7,000	**35**
$7,000 or More	**26**
Total	**100%**

Annual Sales (billions)



Changes in Dollar Sales (1989 vs. 1990)

(Percent of Companies Reporting)



Average Increase **4.7%** Average Decrease **3.0%**

Share of Total Store Sales

Overall Mean	**4.3%**
In Combination Stores	**10.3%**

Contribution to Total Store Profits

Overall Mean	**14.7%**
In Combination Stores	**36.9%**

Gross Margin

Mean **32.8%** Median **35.0%**

Less than 28%	**11%**
28–29	**17**
30–31	**30**
32–33	**24**
34 or More	**18**
Total	**100%**

supermarket at once, appearing almost overnight.

This increase in the number of GM products often occurs along with new store openings or remodelings. This spurs the sales of these products. When several GM product categories get hot during the same year, the sales of the whole department can increase greatly.

Oddly, the increase side of this cycle is easier to explain than the downside. If there are more products in stores, why do sales increases go way down in the years following an increase?

Part of the explanation involves overstocking. In many cases, GM has fallen victim to an old problem: When a company goes into a relatively new area, management is not sure what will work or sell, so they bring in more categories or varieties than they really need.

During the next year there is usually a shake-out. Items that do not move are phased out and the department becomes smaller. This, of course, lowers the department's sales increases and wears out the novelty factor for shoppers.

Another factor that has reduced growth is discounting. Many retailers, after the initial year of expanding GM, begin to discount their GM merchandise due to competitive pressures from neighboring supermarkets and other classes of retailers. Additionally, discounting is part of an effort to unload the unwanted inventories.

Many GM products are durables stuck in a world of consumables.

The nature of many GM products also affects the cycle of sales growth. Many GM categories are foreign to the supermarket; they are durables stuck in a world inhabited by consumables.

Let's face it, you don't sell most houseware products once a week, or even once a year, to the same customer. Once you sell a customer a frying pan, or a set of glasses, a hammer, a radio or a broom, you've lost that customer for that product for quite some time.

An example is microwave cookware. When these products were introduced into supermarkets in 1987, sales took off. But in 1989 the demand abated and sales to new consumers slowed.

Today, the movement in the category is negative. In 1990, sales through grocery outlets fell by 6.7 percent. Sales most likely will increase again, but only when the original pieces begin to wear out, unless new products are introduced into the category.

This slow turnover rate of many GM products has been a disappointment to many retailers, prompting a cutback of many of the slower moving items.

Record Sales

The vast range in the scope and diversity of GM departments in supermarkets nationwide makes it difficult to describe the operations of the "typical" department. But some clear facts concerning sales have emerged.

Last year's sales figure of $11.43 billion was the highest ever recorded. The 3.9 percent rate of growth of the department was fairly typical of growth throughout the store during 1990.

On average, weekly sales per store of GM reached $7,148 last year. Of course, individual stores experience a wide range of actual weekly sales, depending on the degree to which they stock GM products.

On the most basic level, average weekly sales can be examined by comparing conventional stores to stores that have larger formats. Average weekly sales for conventional stores were $4,812, while for larger stores the weekly average was $12,971.

GM now accounts for about 4.3 percent of the annual sales in supermarkets. This figure goes up to more than 10 percent in combination stores,

SPACE AND LABOR

The average number of gondola feet devoted to GM in the supermarket increased last year, climbing to 345. This is a rough estimate, because most retailers cross-merchandise GM products throughout the store.

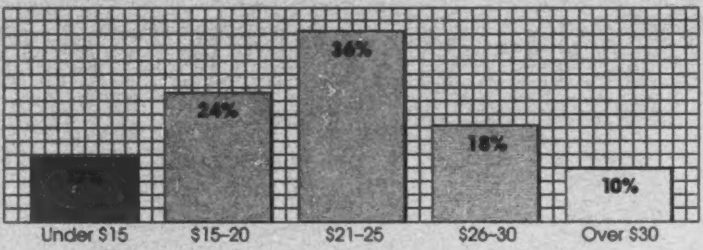
Using 345 gondola feet as a rough average, the average weekly sales per gondola foot were $20.72. This is a decrease from the sales per gondola foot in 1989, which reached $23.36. This is due to the increase in size of the department, against the relatively small departmental sales growth.

Labor presents a brighter picture than sales per gondola foot. While the number of employees devoted to the GM department rose slightly to an average of 2.5 full-time equivalent employees last year, the sales per employee did not decrease.

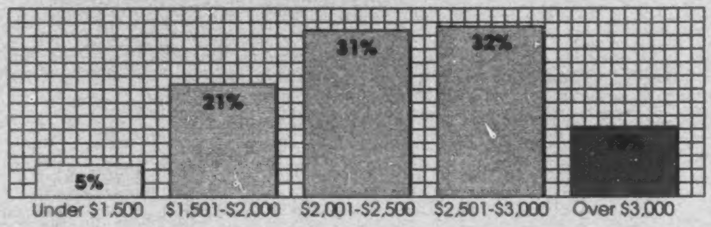
Weekly sales per employee were up significantly last year, reaching $2,859. This was an increase of more than $600 in sales per employee. Not only did each employee bring in more sales dollars last year, it cost the department less money for those employees. The amount of sales that went to pay for labor in 1990 was 5.1%, a small drop from the 5.4% labor cost of 1989.

Size of Department		**By Store Format**	
Mean	**345 gondola feet**	Conventional	**225 gondola feet**
Median	**415 gondola feet**	Larger Stores	**1,075 gondola feet**

Average Weekly Sales per Gondola Foot Mean **$20.72**



Average Weekly Sales per Employee Mean **$2,223**



How Much for Labor	
(Labor as a Percent of GM Sales)	
(Store Employees Only)	
Mean	**5.1%**
Median	**4.2%**
Percent of companies using service merchandisers in at least some of their units:	**56%**

Number of Employees	
Full-Time	**1.8**
Par-Time	**1.7**
Full-Time Equivalent	**2.5**

Fragmentation makes merchandising the department a very difficult assignment.

and even higher in hypermarket formats.

The contribution of GM products to overall store profits is high. The 4.3 percent of store sales that comes from GM, for example, accounts for an average of 14.7 percent of the store's profits. In combo stores, where GM averages 10.3 percent of sales, the department accounts for an average of 36.9 percent of store profits.

Fueled by higher ticket items, GM continues to achieve high average gross margins, and it was able to extend its margins as a department last year. The department now has an average gross margin of 32.8 percent, up slightly in the past year.

Despite a slowdown in sales growth last year, GM sections continued to grow in size. The GM department increased by about 50 gondola feet to an average of 345 gondola feet. The increase occurred because stores tested new products and rearranged their merchandising of GM products. In many cases the increase represented a few extra feet for many categories spread throughout the section, rather than one large new display area for a whole new set of categories.

With the increase in the size of the GM department, coupled with the minimal increase in 1990 GM sales, sales per gondola foot decreased last year. On average, each gondola foot in the GM department brought in about $20.72 a week in 1990, while weekly sales per gondola foot were $23.36 in 1989.

If the returns per gondola foot were disappointing last year, labor costs were a bright spot in the GM section. The number of employees manning the departments increased slightly, but this increase did not adversely affect costs.

Retailers report needing an average of 2.5 full-time employees to staff the section, as opposed to the 2.1 employees that it took in 1989. This represented a slight increase in both full-time and part-time staffs.

The good news is that the percentage of departmental costs that went to pay for labor declined. This percentage dropped from 5.4 percent in 1989 to 5.1 percent in 1990. In the case of labor, the increase in GM sales compensated for the increase in man-hours.

Another factor is an apparent increase in the use of service merchandisers. Fifty-six percent of the retailers reported that they used service merchandisers in at least some of their stores. This is significantly more than the 43 percent reporting an association with service merchandisers a year ago.

All this has helped push up the average weekly departmental sales per employee, which reached $2,859 in 1990. This is about $636 higher than the same employee brought in to the store in a week the prior year.

A Plethora of Products

GM sections, of course, contain a large number of diversified products. As a matter of fact, the definition of a GM product is one that isn't a food item, HBA product or a household supply, and some of the products in this latter category are also GM.

There is no shortage of SKUs in the GM section, and the trend is toward adding more. Sixty percent of the retailers reported that they added more GM items to their sections during the past year. Of the remaining retailers, 35 percent reported that their GM departments had stayed about the same, while only 5 percent carried fewer products in 1990 than in 1989.

It seems that the future will be much the same as the past. Seventy percent of the companies expect that they will increase the number of GM products they carry in the future. The remaining 30 percent predict no drastic changes in their future departments. In the future, just as in the recent past, few retailers will significantly scale down the number of GM products they sell. They may be willing to change the scope of their operations, or the price points of the products they carry, but they will not offer their customers less overall variety.

The closest thing to a dominant category, or group of categories, in the GM department continues to be housewares. As an associated group of products, housewares accounts for 17 percent of GM sales. Housewares showed an increase in sales in supermarkets of 5.4 percent during 1990, which made it one of the higher increasing categories.

Periodicals, which account for 15 percent of the sales of GM, is the second largest seller in the department. Housewares and periodicals are the only two categories that have a double-digit share of the GM sales pie. This attests to the fragmented nature of the GM section.

This fragmentation makes merchandising the department a very interesting assignment. Retailers approach this merchandising in a number of different ways, usually within the same given store.

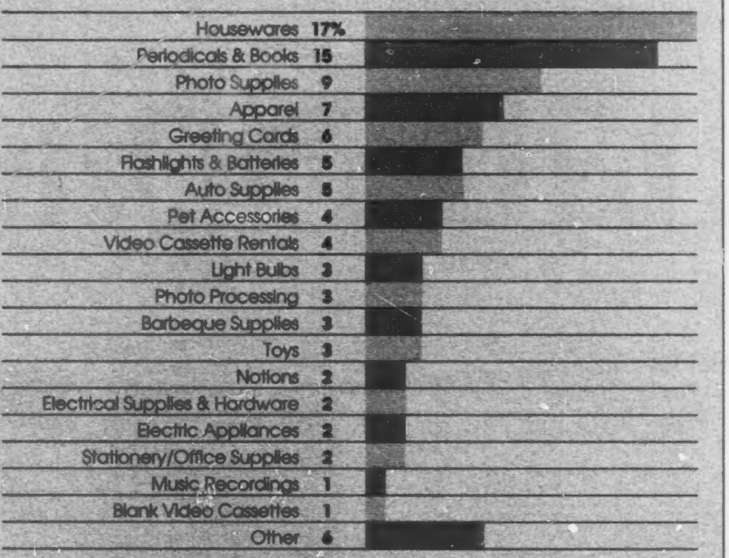
PRODUCTS

There is no dominant GM category or groups of categories, such as those found in the fresh meat, deli or dairy departments.

The best that GM can muster is the housewares categories, which taken as a group, accounts for only 17% of the department's sales. Other strong GM categories include periodicals, photo supplies, apparel and greeting cards. None of the remaining categories accounts for more than 5% of the department's sales.

Retailers increased the number of products they carried in their GM sections last year, and will continue to do so in the future. Sixty percent of the operators increased the number of items they carried during 1990, and 70% say they will add more items in the future. This will, perhaps, fuel 1991's departmental growth. Greeting cards and stationery/home-office supplies were among the categories that retailers considered the hottest sellers in 1990. They were also categories that received the largest increases in space in 1990.

Portioning Out GM Sales



Number of GM Items Carried

In Past Year		In Future	
Increased	60%	Will Increase	70%
Decreased	5%	Will Decrease	0%
Stayed the Same	35%	Will Stay the Same	30%

GM Items Most Frequently Added Or Given Increased Space

- —Blank Video Cassettes
- —Home/Office Supplies
- —Greeting Cards

Hottest GM Categories In 1990

- —Greeting Cards
- —Lunch Boxes
- —Video Cassette Rentals
- —Tableware
- —Stationery

MERCHANDISING & PROMOTION

Generally, GM has not been treated as a cohesive category, but one that is spread throughout the store. Twenty-two percent of the retailers cross-merchandise GM products throughout the store. An additional 56% have a separate section for some of their GM categories, while cross-merchandising others. Only 22% of the operators say that they have a separate section for almost all their GM products.

Retailers are relying more and more on point-of-purchase materials to promote their GM sections. Seventy-six percent now report using POP materials, up from the 50% in 1989. This jump reflects the extra effort made by manufacturers to provide usable POP displays and signage. Newspaper ads and store circulars are also popular methods of GM promotion.

How GM Is Merchandised (Companies)

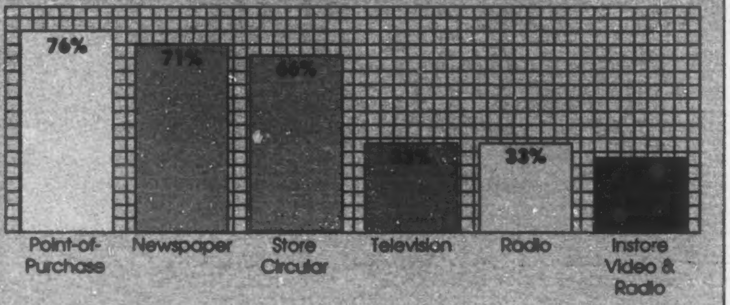
As Separate Section	22%
Cross-Merchandised Throughout the Store	22%
Combination of the Above	56%

Stores With Service Counters for GM (6%)

What Is Sold at Service Counters:

- —Cameras
- —Electronics
- —Jewelry
- —Video
- —Watches

Advertising and Promotion (Perce[illegible] Using)



Twenty-two percent of the retailers indicated that they merchandise GM as a completely separate section, while another 22 percent prefer to cross-merchandise GM products throughout the store. By far the most prevalent method of merchandising GM is to use a combination of cross-merchandising some products and having some categories separated into their own cohesive sections.

Service counters are not catching on in the GM sections of supermarkets. Only about 6 percent of the stores use service counters for their higher-ticket GM items. Most stores still prefer leaving the sale of those items up to their courtesy desk operations, or having them displayed in a part of the store where they are not easily accessible without the assistance of a clerk from one of the neighboring sections.

A perennial favorite among GM buyers is the greeting cards category. Last year was no exception. With sales of almost $644 million in supermarkets, the category was the departmental leader in sales growth, increasing 9.0 percent over 1989's sales. With an average gross margin of almost 50 percent, retailers are overjoyed at the large sales increases in this category.

To the surprise of some, although not everyone, there has been a big increase in the use of point-of-purchase materials to promote the GM sections. A year ago only about half the retailers reported using POP materials, but now 76 percent say that they are making use of this promotional tool.

Newspapers are now the second most popular means of promoting the department; they are used by 71 percent of the operators, up slightly from a year ago. Last year's promotional tool leader, store circulars, were off in popularity just a bit, falling from 68 percent to this year's level of 66 percent usage.

Will retailers ever be able to break the cycle of low growth, followed by high growth, followed by another year of low growth? Probably not. And if they could do something to break this cycle, most retailers, with a big increase in the growth of GM predicted for the coming year, would do nothing. The prevailing sentiment seems to be: Wait till next year. ■

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CONSUMER EXPENDITURES STUDY

TOTAL SALES
HIT $338.9 BILLION

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SUPERMARKET BUSINESS

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1991

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page 47

page 169

page 105

page 187

44TH ANNUAL CONSUMER EXPENDITURES STUDY

Sales reached $338.9 billion in 1990, up just 2.8% over the previous year. Taking into account the CPI increase of 4.5%, the market is essentially flat. But at least supermarkets haven't suffered from recession the way other retailers have. **47**

HIGHLIGHTS 51

CONSUMER EXPENDITURES

SUMMARY 61
PERISHABLES 65
DRY GROCERY-FOOD 68
DRY GROCERY-NONFOOD 76
HEALTH & BEAUTY AIDS 81
PRESCRIPTIONS 84
GENERAL MERCHANDISE 86

PRODUCT CATEGORY FOCUS FEATURES

BAKERY 115
BEER 127
CANDY & GUM 138
CANNED GOODS 129
CEREAL 133
DAIRY 145
DELI 111
DIET FOODS 167
FROZEN FOODS 135
GREETING CARDS 150
HEALTH & BEAUTY AIDS 160
PET NEEDS 163
PHOTO SUPPLIES 165
PRODUCE 169
SEAFOOD 123
SNACK FOODS 172
SOFT DRINKS 175
TOBACCO 179

FEATURES

A TALK WITH FDA'S DAVID KESSLER MIKE DUFF **29**
A much more aggressive approach toward food industry labeling is a hallmark of the new Food & Drug Administration headed by Dr. David Kessler. What can we expect from him next?

HOW ARE WE DOING? SOME UNEXPECTED NEWS ABOUT AMERICA'S DIET **30**
CAROLE SUGARMAN
Now that we've cut the fat off our meat and the cholesterol from our salad dressing, we're entitled to super-premium ice cream for dessert. Such is today's mixed message to supermarkets and suppliers from America's consumers.

FRENCH-OWNED HYBRID MARKET LEEDMARK ARRIVES KEN PARTCH **38**
Now, here's an interesting idea that just might work in the Baltimore-Washington area. So why is it that no one else, including Giant Food, Inc., seems to be getting excited?

HERE, YOU CAN SHOP ON THE STREET WHERE YOU LIVE MIKE DUFF **89**
How do you keep 'em in town when they've seen big-city shopping? For the answer, ask G&R Feldpausch executives about their Williamston, Mich. store.

'GREEN' DELIS: STILL A GRAY AREA HOWARD RIELL **97**
Do they or don't they really care about environmental issues when it comes to convenience packaging? That's the question supermarkets are asking in regard to consumer concerns about their deli and foodservice operations. So far, the answers are mixed.

READY TO FIGHT AT FOODARAMA MIKE DUFF **187**
A bit of smart guerrilla warfare on nonfoods pricing is enabling one Foodarama supermarket to more than hold its own ... even in discount drugstore Phar-Mor territory.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **7**
WASHINGTON BRIEFS **9**
TRADESCAN............. **11**
TECHNOLOGY............ **15**
PRODUCE.................. **21**
PRACTICAL PROFIT TIPS .. **25**
PREPARING FOOD **105**
ADVERTISERS' INDEX .. **195**
CONTEST................ **197**
CHECKOUT.............. **198**

Cover Photo: David DiMicco
Props: Del D. H. Allison

IT'S SOAPBOX TIME

By Ken Partch, Editor-In-Chief

I am well aware that soap no longer comes in a box, any more than does American cheese. In these days of "green" consciousness, that would be gross over-packaging. But with Labor Day coming up as I take quill in hand to punch the keys of my PC, I have a right to use the metaphor.

The subject of this soapbox lecture is double coupons. To begin:

Breathes there the man with soul so dead, who never to himself hath said ... This business of everybody in a market with double coupons is nuts.

Somebody once asked me in all seriousness, "How do you get out of double coupons?" I resisted saying: "By not getting into them," because I didn't want to sound like a morals-thumping teetotaler to a drinker.

Today I would say, "The same way that Gorbachev got out of the Communist Party. By simply doing it." There's really no other way. To double coupons, just say, No.

How many of you out there remember the Great Stamp Wars of Denver, and other places, when supermarkets began offering double and triple trading stamps on Wednesday? Is that a fair analogy to today's use of double and triple coupons?

In other words, when everyone is using the same promotional tool, it is hardly an effective promotional tool, and is therefore nothing but a rather expensive additional cost of doing business. Roughly one to two percent of sales, or more...which, let's be clear about it, the consumer pays without being asked. The only ones who really benefited from the stamp wars were the stamp companies.

And now, with the end of Summer, and the potential return to important spending, my mailbox and my living room floor seem to be multiplying those slick little inserts and packs of coupons all on their own. They are increasing in number at a greater rate, even, than coat-hangers from the cleaners. I can't spend them fast enough. I am buying things I don't even want, and saving money hand over fist.

But hark! Is that a distant trumpet? No, it's the doorbell. It is the doorbell that rings twice, because the postman is there. He has brought a message by Express Mail. It is my West Coast correspondent with a message that Albertson's has decided to go straight, and to take the narrow and righteous path of everyday low prices. The company has also mounted a clever little T.V. ad campaign to make announcement of its return to sobriety.

Are double coupons curing your headache, or giving you one?

Here's what the Western Edition of ADWEEK had to say about Albertson's move: "With simple ads that are little more than title cards with sound effects, (Albertson's ads) illustrate the negatives of coupon shopping.

"One spot jabs at double-couponed shampoos as a woman shrieks on the soundtrack—ostensibly at her new image. And the title card says: 'Like the shampoo you got with double coupons?' Then there's the sound of a snarling dog, reacting to the pet food bought with double coupons. One hits really hard with a family warily eyeing a plate of smoking coupons, with the card that says: 'You can't feed a family on double coupons.'"

Well, with the number of coupons out there, I am not so sure you can't—if you've got the money.

Albertson's in Southern California is in the catbird seat, as Red Barber of the old *Brooklyn* Dodgers used to say. With most of the competition involved in LBO's and double coupons, Albertson's could be making a strong move toward improving its market share. It is also positioning itself well for the expected entry of Smith's Food and Drug to the market later this year.

But Southern California is not the only "double coupon market," so to speak. Much of New England is in one of the worst recessions in history, and much of New England is also dominated by double couponing. Wouldn't it make sense for one of the New England operators to say: "We want to cut costs in every way, and we want to pass along all the savings available in this market. The only way we can do this honestly and fairly is by eliminating double or triple coupons and offering you everyday low prices."

It is also fair to say that the people who need low prices most are not always the people who are easily reached by coupon offers.

Holding on to that little thought, here's an idea you might try on that manufacturer who wants to "partner" with you. It could be a revolution ... in marketing technology, at least.

Why not scan all the manufacturer coupons in your market right into your PLU file, and then automatically deduct the coupon value from the price whenever a customer buys the product, with or without the coupon? After all, several retailers are doing just that with their store coupons right now, along with their frequent shopper cards.

For proof of purchase, just show the manufacturer your tape records and invoices. After all, your partner will believe you, or what's a partner for? If he wants to do a count and recount, what's the problem? After all, the purpose of coupons is to move goods—or is it? This idea still needs a little work, but ... ■

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44 ANNUAL

CONSUMER EXPENDITURES STUDY

Contents

METHODOLOGY & DEFINITIONS 48

HIGHLIGHTS

SHARE OF STORE BY MAJOR CATEGORY 51
PER CAPITA & PER HOUSEHOLD SPENDING 51
DOLING OUT THE WEEKLY GROCERY STORE DOLLAR 52
SALES BY STORE SIZE; CHAIN VS. INDEPENDENT 53
GROCERY VS. RESTAURANT SALES; RANK AMONG RETAILERS 56
15-YEAR SALES TRENDS; CPI CHANGES 1989–90 57
BIGGEST UPS & DOWNS IN SUPERMARKET CATEGORIES 58
SUMMARY TABLES 61–62

DETAIL TABLES

PERISHABLES 65–68
DRY GROCERY-FOOD 68–76
DRY GROCERY-NONFOOD 76–81
HBA 81–84
PRESCRIPTIONS 84
GM 86–88

The good news is that even in a sluggish economy, the food industry was able to pull off what others couldn't get away with—raising prices, and still selling product ... at least enough product to stay (well, almost) even.

In 1990, it was certainly better to be a supermarket operator than a banker or an auto dealer.

But it was hardly a golden year—the grocery industry did not escape the impact of a slump in the economy. Dollars spent in the nation's supermarkets and grocery stores went up slightly, but tonnage went down.

The "macro" picture shows a continuation in the slow-but-steady erosion in the total number of U.S. grocery stores: Roughly 145,000 grocery stores were operating in 1990; some 2,000 fewer than in 1989. Predictably, the drop was for the most part in the number of very small "mom & pop" operations.

By contrast, the number of supermarkets (i.e., grocery stores doing $2 million or more) grew, as did their average volume. In 1990, there were 30,750 supermarkets, up by about 50 stores from 1989's total. On average, each supermarket rang up $8.6 million in 1990. That's a very respectable $250,000 average increase over average 1989 supermarket sales.

As in previous years, the 1991 Consumer Expenditures Study details how thoroughly supermarkets dominate U.S. grocery store sales. Of all food purchased for at-home consumption, more than 73% is bought from a supermarket.

This is a percentage that has not changed appreciably in recent times. But supermarkets can't afford to be complacent. Rapid growth of the specialty food industry, for example, suggests that the supermarket industry is still leaving money on the table.

With just $23.5 billion in sales, specialty food stores are as yet but a gnat buzzing around the ears of a giant. Still, their 18.1% growth rate (see below) suggests that harried consumers are finding something there that's worth an extra trip. Hence, more watching and analyzing of the specialty store's niche in the consumer's mind can only help supermarkets better respond to the wants and needs of today's market.

Running Harder, Staying Even

That's just one conclusion that may be drawn from data presented in the 44th Annual

BY DAVID LITWAK AND JANET TORRES CEPEDA

There may be even better news: For several reasons, Supermarket Business's independent research suggests that 1990 total grocery sales were probably even higher than the $338 billion officially reported by Commerce.

Consumer Expenditures Study. Another is that, as has been the case recently, the industry is running harder than ever just to stay even.

Sales through grocery outlets reached $338.8 billion in 1990, according to the U.S. Department of Commerce. This was a new record for grocery sales, but was disappointing in that it represented a bare 2.8% increase over 1989 sales. This rate of increase was lower than in previous years.

Moreover, that 2.8% sales increase was accompanied by a rise in prices: The Bureau of Labor Statistics reports that the Consumer Price Index for food at home rose 4.5% during 1990. So in fact, any dollar sales increase in grocery stores was merely a reflection of increased prices: Tonnage actually dropped 1.7% in 1990. The bottom line: We're selling less product, but getting a little more money for it.

The silver lining in this somewhat gray cloud is that, despite a sluggish economy, the food industry was able to do what housing, the auto industry and others couldn't: raise prices, and still continue to sell product ... at least enough product to stay even.

Total Sales Understated?

There may be other good news—our own research suggests that 1990 grocery sales may have been higher than the $338 billion reported by Commerce: Total sales of food and nonfood items that we can account for, i.e., assign to an individual product category, were $333 billion in 1990, or an increase of 4.7% over 1989 sales of those same categories.

These product categories, which number over 700, account for 96.4% of Commerce's total. Our question is: How can the industry's 1990 increase be just 2.8% ... when the categories making up 96% of the industry showed an increase of 4.7%?

Further indication that the Commerce Department may have understated food industry growth: The dollar difference between our total-sales figure for these 700-plus categories and total industry sales per Commerce is usually around $12 billion. But for 1990, the difference was less than $6 billion. If the past is any guide, this means that the figure for the total industry is probably $5 or $6 billion off.

Yet another indication of possible under-estimation of total grocery store sales is that 78% of the total is done by supermarkets ... which increased 3.4% last year. Again, it's unlikely that total industry sales grew just 2.8%, when the part of the industry that contributes 78% of the total increased 3.4%.

If, as seems evident, Commerce's figure for total grocery

Methodology

The 44th Annual Consumer Expenditures Study (CES represents a concerted effort of individuals and firms from all facets of the food retailing industry. Drawing on the methodological tradition of 43 studies, the 44th annual study has brought together literally hundreds of sources, from companies that are household names, to those that are acknowledged as leaders within a specific segment of our industry.

The content of the CES is derived from input into each of the 700-plus categories by the leading manufacturers, processors, packers and marketers of those categories. Additional information on each category is gathered from management companies, advertising agencies, market research firms, trade associations and wholesalers and retailers of the products.

The methodology used is varied, ranging from the tried-and-true methods of mail and telephone surveys, to old-fashioned book research into secondary sources, to the use of scanning data.

Initially, respondents in each category are sent a questionnaire about that category. Respondents to our questionnaire are supplied with sales estimates from the 43rd Annual CES (1989) for the product lines in which they specialize. We ask them to indicate the percentage change in retail sales for these products in all outlets and through grocery stores alone. It should be stressed that we ask them to supply *industrywide* figures, and not their own sales figures. They also have the option to adjust previous sales figures according to their knowledge of the market.

Once these responses are recorded, they are verified by referring to any number of secondary sources, and retail scanning data. Wherever possible, each figure is cross-checked, even if the response comes from a marketer who has a 75% share of a category.

The result of all this is the consolidation of information into one set of numbers representing the percentage change in the total domestic, grocery and supermarket sales from 1989 to 1990, which is then applied to the 1989 base figure or, if situations warrant, a revised 1989 base figure.

Wherever the 1989 sales of a category or department have been revised, a footnote appears explaining the revision.

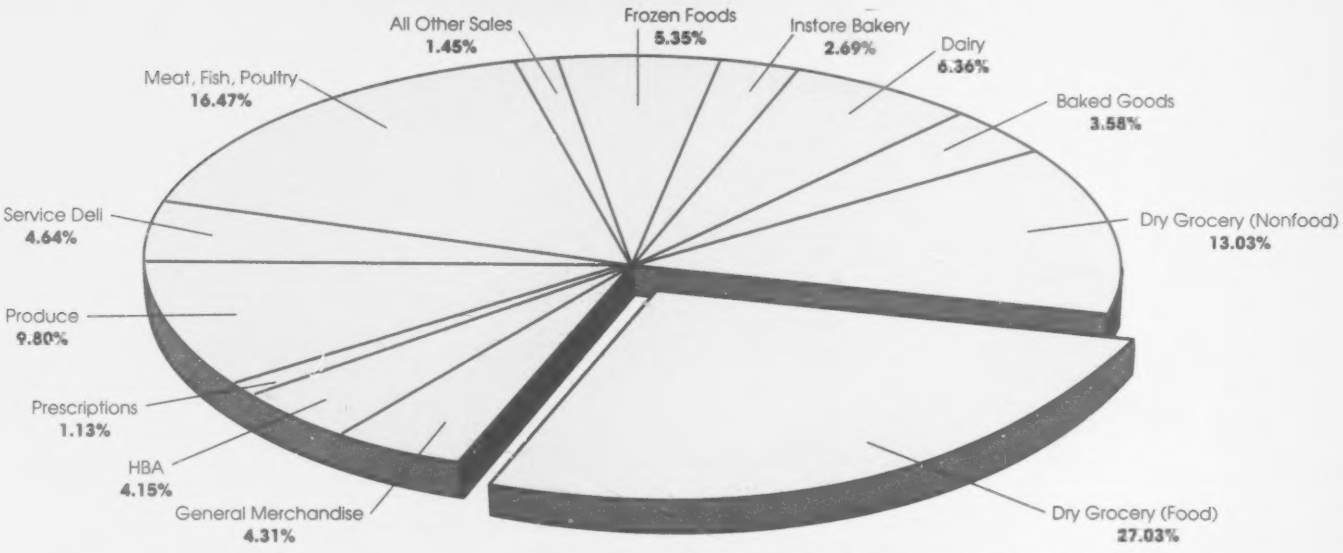
Our Definitions of Grocery Stores

To assist with interpretation of our findings, definitions of terms used in this report are given below:

Supermarket: Complete, full-line self-service and partial service food market, with annual sales of at least $2 million.
Superette: Self-service or service food store handling groceries, meats and produce, with annual sales of $1 million to $2 million.
Convenience Store: Small food stores, usually open extended hours and selling a limited line of fast-moving items.
Specialty Store: Store whose primary line may be meat, dairy, produce, drug or general merchandise.
All Other Food Stores: Small (less than $1 million annual sales) general food stores, or food stores not classified above.
Chain: An operation of 11 or more retail food stores, regardless of individual dollar volume.

HIGHLIGHTS

Total Supermarket† Sales Increased 3.4% in 1990



Source: 1991 Supermarket Business—Consumer Expenditures Study

sales is about $5 billion too low, then actual industry sales for 1990 would be some $343 billion. Thus, the increase in grocery sales for 1990 would actually be 4.3%.

Even so—which is to say assuming a dollar sales increase of 4.3%—the grocery industry lost volume in 1990 ... albeit just 0.2% compared to the 1.7% loss implied by the Commerce figure. But again, while any tonnage loss is worthy of concern, the actual loss is less than would be deduced from Commerce reports.

Other Trades Sluggish, too

It may be of some small comfort to know the degree to which we're not alone: Other retail industries also took their lumps in 1990: here are some specifics: Building supply/hardware stores slipped slightly (-.01%). Other industries gained ... but just barely: motor vehicle dealers (1.0%); furnishing and appliances (3.6%); restaurants (3.6%); and liquor stores (3.8%).

Then there are those industries we love to hate, industries whose sales actually seem to be buoyed by the leaden economy bogging down the rest of us: Drug stores rose 12.1%. (Did all those economic headaches send us running for pain relief?) As mentioned above, specialty food stores were up significantly. They, in fact, posted the highest increase of any retail sector,

Weekly Spending in Supermarkets† $55.43 per Household

	1990		1989	
Population	248.7 Million[1]		248.8 Million[2]	
Household	91.9 Million[1]		92.9 Million[2]	
	ANNUAL	WEEK	ANNUAL	WEEK
PERISHABLES				
Per Capita	$ 520.89	$10.01	$ 491.96	$ 9.46
Per Household	$1,423.58	$27.37	$1,317.56	$23.34
DRY GROCERY (FOOD)				
Per Capita	287.96	5.53	270.06	5.35
Per Household	786.99	15.13	744.70	14.32
TOTAL FOODS				
Per Capita	$ 808.85	$15.55	$ 762.02	$14.81
Per Household	$2,210.57	$42.51	$2,062.26	$37.66
DRY GROCERY (NONFOOD)				
Per Capita	138.76	2.66	132.85	2.55
Per Household	379.24	7.29	355.80	6.84
GENERAL MERCHANDISE/HBA				
Per Capita	102.18	1.96	96.29	1.85
Per Household	279.27	5.37	257.89	4.96
GRAND TOTAL*				
Per Capita	$1,065.28	$20.48	$1,029.86	$19.81
Per Household	$2,882.86	$55.43	$2,758.13	$53.04

NOTE: Population and household data are from U.S. Bureau of the Census. Includes one-person households. Excludes armed forces overseas. Sales figures are from 1991 CES.

*Total includes merchandise sales not classified above.
†Supermarkets are defined as grocery stores with annual sales of over $2 million.
[1] Actual Figures from 1990 U.S. Census Estimate. [2] Pre-Census Estimate.

The supermarket was, more than ever in 1990, a food store. Together, perishables and dry grocery-food products make up almost 76% of all supermarket sales. Perishables is the biggest store department, with 48.9% of the store's sales. Meat is still the biggest selling single section in the store, with over 16% of sales.

Taken as a whole department, dry grocery-foods accounts for 27% of supermarket sales. This hasn't changed in the past year; all the growth in food's share of sales comes from perishables.

The three nonfoods sections—dry grocery, HBA and GM—account for just over 21% of sales.

The average American household spent $2,882 in the supermarket last year, up from $2,758 the year before. This translates to $55.43 per week in 1990, vs. $53.04 in 1989. It is estimated that each individual spent an average $20.48 per week in a supermarket in 1990.

One peculiarity in this year's data: By the numbers, the U.S. population would appear to be shrinking. That's because the 1990 number is an actual figure from the Census taken last year, while the 1989 figure was *estimated* from projections of the 1980 Census. Figures for both years come from the U.S. Census Department.

HIGHLIGHTS

up 18.1% (If we can't travel to Europe this year, at least we can eat like we're there.) Gasoline stations rose 14.2% ... though of course price increases had a hand in boosting dollar sales in this sector especially.

But all in all, industries that did well last year were outnumbered by those showing marginal or no growth during 1990. Effects of the slumping economy were felt all across American retailing. And the impact was, in turn, passed down through the networks of industrial suppliers, transporters and support services.

As suggested above, the other part of the food equation—restaurants and foodservice establishments—fared no better than supermarkets. Again, dollar sales increased 3.6% in 1990. But because prices went up 4.7% during the same period, the net-net in terms of volume was a loss of 1.1%.

Foodservice Competition: Stalemated

As for class-of-trade competition, the score in the battle for the consumer's food dollar changed not a whit in 1990. Supermarkets, grocery stores and specialty food stores still accounted for 66.8% of food sales; restaurants and institutional foodservice outlets still accounted for 33.2%. These percentages are exactly the same as they were in 1989.

Indeed, with a total $542 billion in annual U.S. food sales, it takes a large change in dollar sales to affect the percentage coming from either the grocery or foodservice industries. Last year, with each sector hanging on tenaciously, doing everything it could think of to protect and enhance its share of an anemic market, there was little chance for either the supermarket side or the foodservice side to gain percentage points.

Yet, foodservice remains a bright spot for supermarkets in the battle for consumer food dollars: Among departments that saw the largest increases in sales last year were those that compete most directly with restaurants and other foodservice purveyors.

Sales for service deli, which contains most of the supermarket foodservice components, were up 10.4% last year. Instore bakery sales rose 7.2%. Further, if we break out from these departments just those foods that truly are foodservice—which is to say, "take-out" prepared foods—we see that these products posted a significant increase of 22%. And in other departments such as meat and seafood, sales of prepared or semi-prepared dishes also jumped last year.

Perishables, too, continued their

How an Average Household Doles Out Its Dollars In Grocery Stores Each Week

	1990	1989	Change
PERISHABLES			
Baked goods	$ 2.67	$ 2.58	+ 0.7%
Dairy	4.95	4.64	+ 0.4
Frozen foods	3.43	3.28	+ 0.6
Fresh meat and provisions	8.62	8.41	+ 2.5
Fresh fish	.77	.75	+ 1.3
Fresh poultry	1.98	1.88	+ 0.5
Produce	6.77	6.00	+ 0.3
Instore bakery	1.46	1.36	+ 1.4
Instore deli	2.75	2.29	+ 1.1
Total	**$33.40**	**$31.19**	**+ 7.1%**
DRY GROCERY (FOOD)			
Beer	$ 3.45	$ 3.30	+ 4.5%
Wine, liquor, coolers	.59	.59	0.0
Baby food	.56	.48	+16.7
Breakfast foods	1.70	1.58	+ 7.6
Candy and chewing gum	.78	.74	+ 5.4
Canned foods			
Fruits	.37	.36	+ 2.8
Juices and drinks	.93	.87	+ 6.9
Meat and poultry	.28	.29	- 3.6
Milk	.08	.10	-25.0
Seafood & fish	.40	.42	- 5.0
Soups	.59	.40	+47.5
Vegetables	.69	.69	0.0
Prepared drinks	1.50	1.53	- 0.2
Dried foods	.71	.66	+ 7.6
Jams, jellies and preserves	.45	.45	
Pasta	.29	.27	+ 7.4
Desserts	.13	.12	+ 8.3
Soft drinks	2.28	2.14	+ 6.5
Sugar	.33	.32	+ 3.1
Miscellaneous	4.24	4.14	+ 2.4
Total	**$20.37**	**$19.45**	**+ 4.7%**
Total Foods	**$53.77**	**$50.64**	**+ 6.2%**
DRY GROCERY (NONFOOD)			
Paper goods	$ 2.55	$ 2.44	+ 4.5%
Soaps, detergents	1.26	1.22	+ 3.3
All other household supplies	1.27	1.35	- 5.9
Pet foods	1.30	1.28	+ 1.6
Tobacco products	3.30	2.97	+11.1
Total	**$ 9.70**	**$ 9.26**	**+4.7%**
GENERAL MERCHANDISE/HBA			
Health and beauty aids (nonprescription)	$ 2.84	$ 2.72	+ 4.4%
Prescriptions	.63	.56	+12.5
Housewares	.28	.26	+ 7.7
All other general merchandise	2.84	2.28	+24.6
Total	**$ 6.23**	**$ 5.82**	**+ 7.0%**
All other sales NCE	$1.21	$ 2.53	-48.0%
GRAND TOTAL	**$70.91**	**$68.25**	**+ 3.9%**

Source: 1991 CES

Consumers spent more in every department in the supermarket last year than ever before. The weekly household expenditure of $70.91, when broken down by department and major category, reflects increases in spending in virtually all areas of the store.

The largest increase in weekly spending came in the perishables department, which saw a 7.1% rise. Each week the average household spends $33.40 on perishables, far more than in any other department.

The GM and HBA departments combined also saw a 7.0% increase in the amount spent on their products each week (now $6.23). A 4.7% increase was achieved by the dry grocery-nonfoods department, bringing its weekly household tally to $9.70.

The dry grocery food section saw its weekly household sales grow 4.7% to a total of $20.37. Canned soup's share of weekly spending increased a whopping 47.5% last year—this was the largest percentage gain in the store. Baby foods (+16.7%) and desserts (+8.3%) were also big gainers in the department. Canned milk (-25.0%) and canned seafood/fish (-5.0%) were the big losers in the weekly shopping trips.

Once again, prescription drugs drew in big increases in weekly spending. Their 12.5% gain brought their weekly total up to $0.63. High drug prices and a larger prescription base in supermarkets brought about this increase.

HIGHLIGHTS

Food Store Sales—By Store Volume

	SALES (000) 1990	SALES (000) 1989	PERCENT OF VOLUME 1990	PERCENT OF VOLUME 1989
SUPERMARKETS Over $2 million	$ 264,935,354	$ 256,230,075	73.1%	73.3%
SUPERETTES $1 million to $2 million	$ 21,753,816	$ 20,941,341	6.0	6.0
OTHER GROCERY STORES Under $1 million*	$ 52,167,830	$ 52,516,584	14.4	15.0
Total Grocery Stores	**$338,857,000**	**$329,688,000**	**93.5**	**94.3**
SPECIALTY FOOD STORES†	$ 23,477,000	$ 19,874,000	7.5	5.7
TOTAL FOOD STORES	**$362,334,000**	**$349,562,000**	**100.0%**	**100.0%**

* Includes convenience stores and other small grocery stores.

† Includes meat, seafood, fruit and vegetable markets, confectionary, bakery, deli and other food-stores.

Source: 1991 CES

Food Store Sales—By Affiliation

	SALES (000) 1990	PERCENT OF VOLUME 1990
INDEPENDENT GROCERY STORES	$ 50,489,693	12.9%
CHAIN GROCERY STORES*	$ 288,367,307	79.6
Total Grocery Stores	**$338,857,000**	**92.5**
SPECIALTY FOOD STORES	$ 23,477,000	7.5
TOTAL FOOD STORES	**$362,334,000**	**100.0%**

*Chains (11 or more stores)

Source: 1991 CES

Grocery Store Sales Trends: 1990*

NUMBER OF GROCERY STORES	145,000
Sales (000)	$338,857,000
Sales per Store	$ 2,338,945
"People" per Store	1,170
NUMBER OF GROCERY STORES	
Over $2 Million	30,750
$1 Million–$2 Million	11,600
$500,000–$1 Million	19,500
$500,000 or more	61,850
All Other	83,150
SALES (000)	
Over $2 Million	$264,935,354
$1 Million–$2 Million	$ 21,753,816
$500,000–$1 Million	$ 18,342,149
$500,000 or more	$305,031,319
All Other	$ 33,835,681
SALES PER STORE	
Over $2 Million	$ 8,615,784
$1 Million–$2 Million	$ 1,875,329
$500,000–$1 Million	$ 940,623
Less than $500,000	$ 406,803
CHAINS (11 OR MORE STORES)**	22,600
Total Sales (000)	$288,367,307
Sales per Store	$ 12,759,615
% of Total Sales	85.1%
ALL OTHER STORES**	122,400
Total Sales (000)	$ 50,489,693
Sales per Store	$ 412,498
% of Total Sales	14.9%

* Grocery store sales reported by U.S. Department of Commerce.

**Includes all grocery stores regardless of annual sales volume.

The nation's 30,750 supermarkets accounted for 73.1% of all retail food sales last year, far surpassing the sales of the nation's other 114,250 smaller grocery stores, convenience stores, and specialty food stores.

While annual sales of individual supermarkets range anywhere from $2 million to well over $100 million, the average unit brought in $8,615,784 in 1990. This was almost $300,000 higher than the year before.

seemingly steady, inexorable climb in share of total supermarket sales. Last year, perishables accounted for 48.9% of all supermarket sales, gaining better than a full point over their 47.8% 1989 share.

Most Perishables Post Gain

That gain is the result of healthy growth from most major categories within the perishables sector. Gains were seen, as cited above, in bakery and deli. In produce, the gain was 11.8%; in dairy, 5.7%. Fresh fish was up 2.6%. And a rebound in fresh meat, up 2.7%, also helped advance perishables' share to within striking distance of half the total store.

So while it grows in fits and starts, consumer interest in both health/nutrition and convenience does seem to be reflected in an increase in their purchase of perishables. The nutrition-based "eating light" trend has become somewhat ingrained in the nation's thinking ... at least in terms of what people know they *should* do. Thus, barring unforeseen developments, perishables will continue to grow in importance in years to come, with more new products, bigger sales, and greater share of store selling space.

The supermarket-vs.-restaurant battle for share was deadlocked—no change in the ratio was seen in 1990.

Indeed, for all the impressive new GM/HBA departments and new services such as video rental, foods' share of total store sales continues to gain on non-edibles' share. In total, food accounted for 75.9% of all supermarket sales in 1990. Propelled by the growth in perishables, this percentage represents an increase of more than one share point over 1989's 74.8% share.

Dry grocery-foods, for its part, neither gained nor lost share, remaining at 27% of total store. Within this category, only baby foods, up 14%, posted growth equivalent to that of perishables.

In fact, many main dry grocery-foods categories declined last year. Canned fish dropped 6.6%. Canned meats and specialty foods declined by 4.9%. Canned vegetables were off by 1.2%.

In fats and oils, health consciousness—or perhaps taste—appeared to be a factor: As a whole, the category was off by 0.2% in 1990. But olive oil was up 9.3%.

Coffee Drags Down Beverages

Another category coming up short was prepared drinks, which declined 3.2%. The blame for bringing down the sales of the entire group goes to its biggest component—coffee. Sales of coffee, which totalled almost $4.7 billion, were off 5.3%. Cocoa also contributed to the loss, down 9.5% of its 1989 sales.

On the non-edibles side, the contribution to store sales coming from household supplies remained stable last year at 13% of total store. Dollar sales of this department increased 3.6%, keeping pace with the rest of the store.

The biggest story in the dry grocery-nonfoods department was in tobacco: the category's increasing reliance on supermarkets to move product. Tobacco sales in super-

HIGHLIGHTS

markets and grocery stores increased 5.6% in 1990 ... while total retail sales of tobacco products through all outlets rose just 2.7%. This represents a reversal: In 1989, tobacco's all-outlet growth outpaced that of tobacco sales by grocery stores.

In the biggest tobacco category, filter cigarettes, this trend is paralleled: Grocery growth was 6.5%; all-outlet growth was 3.4%

Indeed, almost half of all cigarette sales are now made by grocery outlets, with about 38% done by larger supermarkets.

As for nonfoods, it's clear that the halcyon days of large annual gains in HBA and GM are a thing of the past: Both departments are now so much a supermarket staple that they can no longer show the dramatic sales or share gains that came from their introduction as a whole new supermarket department. Instead, they increase along with the store itself.

Fat Increase in Diet Aids

But that's not to say the department was static. In 1990, two HBA categories stood out: Diet aids posted tremendous growth, increasing 25.4%. This was due to zooming sales of metered-calorie meals like Slim-Fast. As a group, these products increased 54.3% Much of this growth was precipitated by an increase in promotion and distribution of these products.

Of course, it wasn't all "plus" business—to a certain extent, the diet aids category borrowed from Peter to pay Paul: Many metered-calorie meal sales came at the expense of other products in the category (pills, candies, wafers), which collectively fell 18.3%

The other noteworthy HBA category was family planning. Its 1990 sales rose 15.8%. This increase was a reflection of growth in sales of condoms, up 15.7%; home pregnancy tests, up 18.2%; and female contraceptives, up 7.1%.

By contrast, some traditional star performers shone less brightly in 1990. Personal cleaniness products and the deodorant categories both had anemic increases of less than 1%. Cosmetics were up a bare 1.6%; hair care, up an even slimmer 1.1%. Marginally better performers were nail care, up 2.2%, and oral hygiene products, up 2.3%.

Curiously, the opposite of what happened to tobacco happened to HBA: While performance was unimpressive across the board, supermarket sales seemed to be particularly hard-hit. In most categories, sales gains in other outlets were larger than gains in supermarkets and grocery stores.

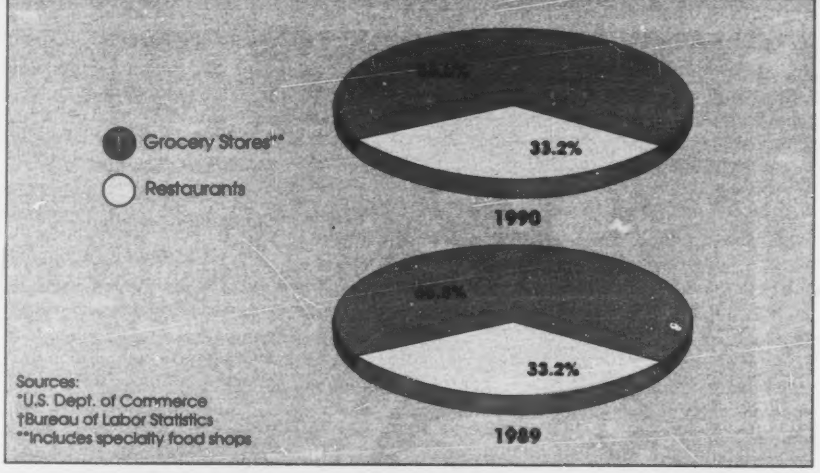
General merchandise was an amalgamation of average performers last year. No product group did wonderfully well; none did poorly ... except perhaps underwear/hosiery, which was flat.

Greeting cards, historically among the best-performing GM categories, led the pack with a 9% increase. And as with tobacco, supermarkets grew in importance as an outlet—food store sales of greeting cards increased at a faster rate than greeting card sales by other retail classes of trade.

For further details on just what happened in the supermarket business in general and to specific categories and products, read on. ■

Supermarkets were not alone among retail industries in experiencing little or no growth in 1990. In fact, more industries showed poor growth than managed good growth.

Share of Food Dollar—Food Stores vs. Restaurants



Sources:
*U.S. Dept. of Commerce
†Bureau of Labor Statistics
**Includes specialty food shops

Ranking of Retail Sales by Trade

	1990 Sales (Million)	Percent of Total	Change vs.1989
All Retail Stores	**$1,808,348**	**100.0%**	**+ 5.2**
Building Supply, Hardware Stores	92,480	5.1	- .01
Eating & Drinking Establishments	180,077	10.0	+ 3.6
General Merchandise Group	212,170	11.7	+ 5.1
Apparel Group	94,796	5.2	+ 4.2
Gasoline Service Stations	131,839	7.3	+14.2
All Other Retail Stores	170,586	9.4	+18.0
GROCERY STORES	**338,857**	**18.7**	**+ 2.8**
Motor Vehicle Dealers	382,069	21.1	+ 1.0
Liquor Stores	20,784	1.1	+ 3.8
Drug & Proprietary Stores	68,588	4.0	+12.1
Furnishings, Appliances	93,155	5.1	+ 3.4
Specialty Food Stores	23,477	1.3	+18.1

Source: U.S. Dept. of Commerce

The balance between grocery and foodservice establishment sales was maintained last year. For the past two years grocery sales, including those through specialty outlets, accounted for 66.8% of all U.S. food sales.

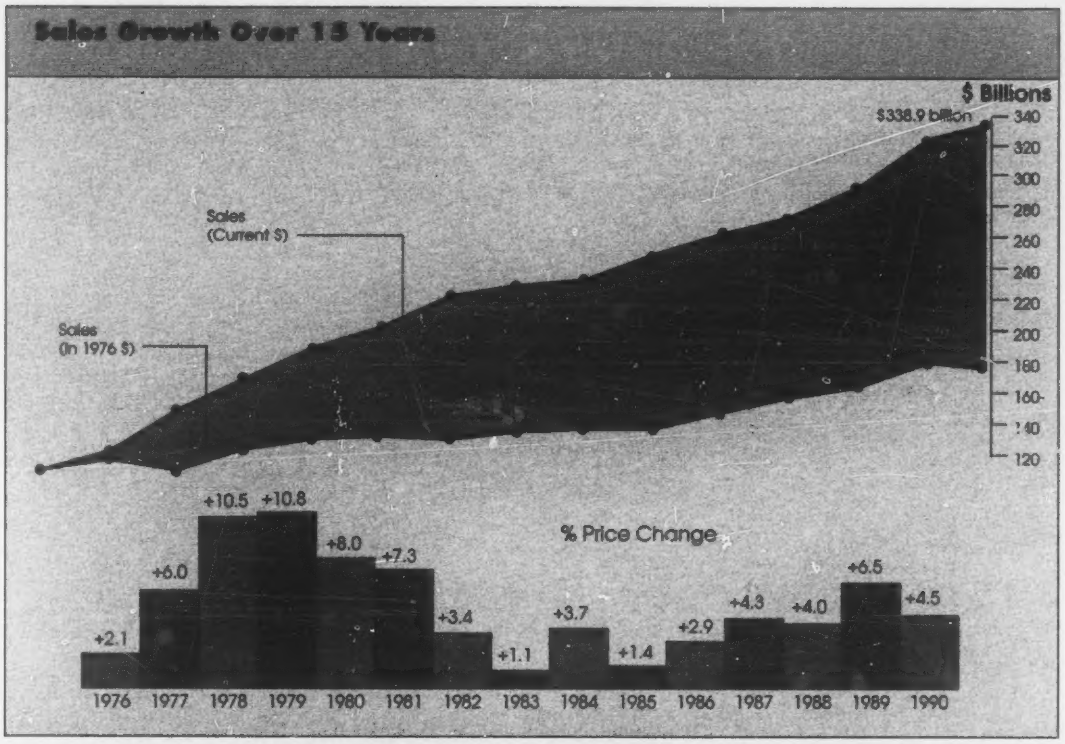
Grocery stores ranked 10th on the growth rate chart of the 12 main retail industries in 1990. Only building supply/hardware stores and motor vehicle dealers had less growth.

Specialty food stores, gasoline service stations and drug stores exhibited the highest rates of growth, all with rates that were in the double digits. The remaining industries all had growth that was only slightly higher than that of the grocery industry.

The economy, it would appear, inhibited a wide range of industries. However, in the case of the grocery industry, the problem may not have been all economic, but also due to a slowdown in population growth and changes in eating patterns.

HIGHLIGHTS

Price increases of grocery products over the years have inflated grocery store sales. If the prices of products bought last year were rolled back to their 1976 prices, the $338 billion sales would have been reduced by nearly half, to about $174 billion.


Sales Growth Over 15 Years

Changes in Consumer Price Index 1990–89 for Supermarket Products*

	Percent Change 1990	Percent Change 1989
Food	**5.8**	**5.8**
Food away from home	4.7	4.6
Food at home	6.5	6.5
Food and beverages	5.8	5.7
Cereals & Bakery	**5.7**	**8.4**
Bread, white	5.3	9.1
Other bread	6.4	8.2
Cookies & cakes	5.9	7.6
Flour, prepared mixes	4.2	8.6
Rice, pasta & corn meal	3.6	–
Fresh Beef & Veal	**7.4**	**6.4**
Sirloin steak	3.5	5.0
Ground beef	8.9	5.0
Chuck roast	11.5	8.0
Round roast	7.1	–
Round steak	5.5	–
Pork	**14.7**	**0.6**
Chops	14.4	3.3
Bacon	18.5	-5.1
Ham	12.8	–
Sausage & other pork	14.8	1.3
Other Meats	**9.4**	**2.8**
Frankfurters	–	3.0
Bologna, liverwurst, salami	–	3.4
Lamb & organ meats	–	3.5
Poultry	**-.2**	**9.9**
Fresh whole chicken	-1.5	9.6
Fresh & frozen chicken parts	.1	10.1
Other poultry	1.7	9.9
Fish & Seafood	**1.7**	**4.5**
Canned fish	-3.8	6.2
Fresh & frozen fish and seafood	3.4	4.0
Dairy Products	**9.5**	**6.6**
Fresh whole milk	10.9	7.8
Eggs	4.8	26.6
Cheese	11.7	7.7
Ice cream & related products	6.8	4.9
Other dairy products (including butter)	.8	1.7
Fresh Fruits & Vegetables	**8.8**	**8.5**
Apples	4.9	4.7
Bananas	4.9	10.2
Oranges and tangerines	9.3	1.7
Potatoes	3.6	28.9
Lettuce	-.7	2.0
Tomatoes	11.0	10.6
Processed Fruits	**9.0**	**3.4**
Frozen fruit & fruit juices	10.7	3.2
Other processed fruits	9.0	3.1
Canned & dried fruits	2.0	3.6
Processed Vegetables	**2.6**	**10.7**
Frozen vegetables	4.0	8.4
Other processed vegetables	2.1	11.9
Sugar & Sweets	**–**	**4.7**
Sugar & artificial sweeteners	4.1	7.8
Other sweets	4.5	4.4
Fats & Oils	**4.2**	**7.2**
Margarine	–	10.0
Other fats, oils, & salad dressings	–	5.3
Nondairy substitutes & peanut butter	–	5.6
Beverages	**–**	**3.8**
Carbonated drinks	3.4	2.6
Noncarbonated drinks	5.4	4.2
Coffee	-2.4	6.9
Alcoholic Beverages	**4.7**	**4.1**
Beer & ale	4.6	3.3
Distilled spirits	4.9	3.3
Wine	3.0	2.9
Other Prepared Foods	**4.5**	**6.4**
Canned, packaged soup	6.5	5.7
Frozen prepared foods	2.0	6.3
Snacks	2.8	6.1
Seasonings, olives pickles, relish	5.5	6.5
Housekeeping Supplies	**3.5**	**5.4**
Soaps & detergents	3.6	5.8
Household paper products	4.4	7.6
Tobacco & Smoking Products	**10.4**	**12.2**
Health & Beauty Aids	**–**	**4.7**
Prescriptions	–	8.7
Personal care	4.3	–
Cosmetic, bath & nail products, manicure & eye makeup implements	4.6	3.8
Other toilet goods	3.4	4.7
General merchandise	–	–
Newspapers	4.2	4.4
Magazines, books	5.8	6.7
Photo supplies	2.5	4.6
Motor oil, coolant & other products	14.0	9.5
Pet supplies	3.2	–

NOTE: All figures are positive (+) unless otherwise noted.

*Source: Bureau of Labor Statistics. Consumer Price Index, January 1991.

HIGHLIGHTS

Categories That Increased In Sales in 1990

Largest Percentage Increases In Dollar Sales

Rank	Category	1990 Grocery Store Sales (000)	% Increase	% of Store Volume
1	Metered Calorie Meals	234,467	54.3	0.07
2	Incontinence Products	91,830	30.5	0.03
3	Diarrhea Remedies	133,730	28.8	0.04
4	Frozen Yogurt	261,244	28.7	0.08
5	Freezer Paper	20,694	24.8	0.01
6	Other Frozen Prepared Foods	52,950	24.1	0.02
7	Frozen Sandwiches	277,818	22.9	0.08
8	Personal Insect Repellents	47,753	22.8	0.01
9	Other Fresh Vegetables	10,204,373	22.0	3.01
10	Routine Baby Formulas	1,268,367	21.3	0.37
11	Toaster Pastries	188,689	20.3	0.06
12	Tomatoes	2,180,962	19.1	0.64
13	Home Pregnancy Tests	43,589	18.2	0.01
14	Lunch Boxes	16,963	17.6	0.01
15	Onions	822,771	16.9	0.24
16	Suntan/Sunscreen Products	100,259	16.9	0.03
17	Pancake/Waffle Mix	169,874	16.4	0.05
18	Fruit Rolls & Bars	319,700	16.4	0.09
19	Condoms	48,854	15.7	0.01
20	Bottled Water	632,102	15.6	0.19

Largest Volume Increases In Dollar Sales

Rank	Category	Dollar Sales Increase (000)	% Increase	% of Store Volume
1	Fresh Vegetables	2,538,423	15.3	5.64
2	Packaged Meats	914,155	6.7	4.27
3	Filter-Tipped Cigarettes	888,346	6.5	4.30
4	Fresh Fruits	872,663	7.2	3.84
5	Fresh Milk	638,727	9.7	2.13
6	Beef	608,305	2.9	6.37
7	Domestic Beer	576,072	3.8	4.64
8	Cheese	498,518	9.4	1.71
9	Instore Bakery	478,080	7.2	2.10
10	Ready-to-Eat Cereals	438,673	6.8	2.03
11	Fresh Poultry	392,246	4.3	2.81
12	Tomatoes	349,760	19.1	0.64
13	Apples	322,336	9.9	1.06
14	Canned Soft Drinks	309,541	11.9	0.86
15	Packaged Cold Cuts	295,191	8.3	1.14

Categories That Decreased In Sales in 1990

Largest Percentage Decrease In Dollar Sales

Rank	Category	1990 Grocery Store Sales (000)	% Decrease	% of Store Volume
1	Reducing Preparations	47,844	- 18.3	0.01
2	Home Permanent Kits/Refills	20,663	- 16.1	0.01
3	Pork	3,568,937	- 13.5	1.05
4	Ham	216,892	- 11.3	0.06
5	Flashbulbs & Cubes	16,098	- 10.4	0.00
6	Grapefruit Juice	121,304	- 10.3	0.04
7	Unsweetened Cocoa	18,816	- 10.2	0.01
8	Curlers & Rollers	27,275	- 10.0	0.01
9	Butter	711,182	- 9.9	0.21
10	Frozen Vegetables Combo/Sauce	587,656	- 9.8	0.17
11	Semi-Moist Dog Food	133,999	- 9.6	0.04
12	Laundry Bar Soaps	3,601	- 9.6	0.00
13	Prepared Sweet Cocoa	261,355	- 9.5	0.08
14	Instant Coffee	1,139,456	- 9.3	0.34
15	Buffing Floor Wax	5,538	- 9.1	0.00
16	Pineapple Juice	90,242	- 8.9	0.03
17	Syrup, Elixirs, Expectorants & Cough Medications	129,247	- 8.4	0.04
18	Frozen Coffee Creamer	42,580	- 8.4	0.01
19	Flakes, Chips & Powder Detergents	32,772	- 8.1	0.01
20	Talcum & Body Powder	9,599	- 7.6	0.00

Largest Volume Decreases In Dollar Sales

Rank	Category	Dollar Sales Decrease (000)	% Decrease	% of Store Volume
1	Pork	557,002	-13.5	1.05
2	Regular Coffee	276,141	- 7.5	1.01
3	Instant Coffee	116,835	- 9.3	0.34
4	Canned Tuna	108,738	- 6.7	0.45
5	Butter	78,143	- 9.9	0.21
6	Frozen Vegetables Combo/Sauce	63,847	- 9.8	0.17
7	Eggs	45,306	- 2.8	0.46
8	Yogurt	40,007	- 1.8	0.64
9	Ham	27,631	-11.3	0.06
10	Prepared Sweet Cocoa	27,435	- 9.5	0.08
11	Other Canned Meats	26,276	- 5.5	0.13
12	Snack Nuts	26,225	- 3.2	0.23
13	Fish & Other Seafood	24,175	- 3.4	0.20
14	Veal	21,740	- 4.1	0.15
15	Hot Cereals	21,066	- 3.3	0.18

SUMMARY

1990	Total Sales	Grocery Store Performance					Supermarket Performance			
	1	2	3	4	5		6	7	8	9
					% Change from '89 to '90					
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Grocery to Total	Total	Grocery	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
PERISHABLES	233,298,714	159,598,451	47.10	68	5.6	5.8	129,546,056	48.90	37,876,208	29.2
Baked Goods	20,149,098	12,891,014	3.80	64	3.4	3.0	9,474,239	3.58	2,095,052	22.1
Instore Bakery	7,118,080	7,118,080	2.10	100	7.2	7.2	7,118,080	2.69	4,000,361	56.2
Dairy	42,130,967	23,777,181	7.02	56	4.6	5.7	16,861,804	6.36	3,655,492	21.7
Frozen Foods	22,339,088	16,499,222	4.87	74	4.5	3.7	14,184,066	5.35	3,457,535	24.4
Fresh & Cured Meat, Fish & Poultry	80,494,734	54,555,854	16.10	68	2.5	2.7	43,644,684	16.47	9,994,633	22.9
Service Deli	12,287,520	12,287,520	3.63	100	10.4	10.4	12,287,520	4.64	5,295,921	43.1
Produce	48,779,227	32,469,579	9.58	67	12.4	11.8	25,975,663	9.80	9,377,214	36.1
DRY GROCERY (FOOD)	146,059,907	97,367,534	28.73	67	3.2	3.5	71,616,634	27.03	14,331,776	20.0
Baby Foods	3,049,818	2,671,681	0.79	88	13.7	14.0	1,929,903	0.73	121,223	6.3
Baking Needs	3,096,215	2,794,535	0.82	90	8.5	8.7	2,041,961	0.77	416,790	20.4
Beer, Wine & Liquor	40,119,080	19,365,143	5.71	48	1.7	3.2	13,115,884	4.95	2,305,495	17.6
Breakfast Foods	8,271,329	8,123,938	2.40	98	6.1	6.2	6,141,674	2.32	830,656	13.5
Candy & Chewing Gum	10,966,798	3,774,980	1.11	34	5.1	5.0	2,926,263	1.10	892,510	30.5
Canned Fish & Canned Seafood	2,147,949	1,915,006	0.57	89	-6.6	-6.6	1,467,586	0.55	194,738	13.3
Canned Fruits	2,047,984	1,776,606	0.52	87	1.9	2.0	1,287,357	0.49	279,564	21.7
Canned & Bottled Juices & Drinks	5,179,201	4,432,148	1.31	86	4.4	4.6	3,065,730	1.16	712,114	23.2
Canned Meat & Specialty Foods	1,735,631	1,343,518	0.40	77	-5.2	-4.9	951,661	0.36	209,600	22.0
Canned Milk	442,502	398,872	0.12	90	6.3	6.3	303,143	0.00	27,283	9.0
Canned Prepared Foods	2,210,704	2,062,859	0.61	93	5.1	5.2	1,629,659	0.62	415,516	25.5
Canned & Dry Soups	2,958,017	2,818,834	0.83	95	2.9	2.7	2,161,483	0.82	415,884	19.2
Canned Vegetables	3,704,672	3,284,185	0.97	89	-1.2	-1.2	2,539,768	0.96	549,952	21.7
Condiments, Dressings, Spreads, Relishes	8,182,274	6,585,710	1.94	80	3.5	3.4	5,119,095	1.93	1,181,561	23.1
Desserts	683,192	599,492	0.18	88	3.3	3.4	460,572	0.17	95,902	20.8
Dried Foods	4,157,049	3,377,332	1.00	81	6.7	6.8	2,518,530	0.95	544,994	21.6
Fats & Shortenings	1,893,282	1,578,056	0.47	83	-0.6	-0.2	1,207,930	0.46	209,182	17.3
Jams, Jellies, Preserves	2,688,548	2,185,363	0.64	81	0.2	0.3	1,502,218	0.57	298,093	19.8
Pasta	1,919,273	1,379,964	0.41	72	5.6	5.4	1,034,973	0.39	268,058	25.9
Prepared Drinks	9,441,794	7,155,648	2.11	76	0.9	-3.2	5,270,515	1.99	1,110,649	21.1
Snacks	9,870,648	6,419,297	1.89	65	5.4	5.8	4,109,997	1.55	1,094,338	26.6
Soft Drinks	18,304,706	10,870,001	3.21	59	4.4	5.2	8,989,253	3.39	1,868,346	20.8
Sweeteners, Flavors	2,989,243	2,454,366	0.72	82	4.1	4.0	1,841,479	0.70	289,327	15.7
TOTAL FOODS	379,358,621	256,965,985	75.83	68	4.7	4.9	201,162,690	75.93	52,207,983	26.0

HOW TO USE THESE CHARTS

1 This column shows total retail sales of a product line or category through all outlets. The value of a product is computed as if the product were sold at grocery store prices. Example: Total Retail Sales of Baked Goods = $20,149,098,000.

2 This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries. Example: Total Grocery Sales of Baked Goods = $12,891,014,000.

3 This column shows the percentage of the total grocery store volume that is contributed by each product line or category. Example: 3.80% of the Total Grocery Store Sales come from the sale of Baked Goods.

4 This column shows the share of the total sales of a product line or category that is sold through grocery stores. Example: 64% of the total Sales of Baked Goods come from grocery sales.

5 These columns show the year-to-year increase or decrease in total and grocery sales for each product line or category. Example: Total Sales of Baked Goods rose 3.4% and Grocery Store Sales of Baked Goods rose 3.0%.

6 This column shows sales of a product line or category coming from those grocery stores which can be classified as "supermarkets." Supermarkets are defined as grocery stores with annual sales of over $2 million. Example: Supermarkets Sales of Baked Goods were $9,474,239,000 in 1990.

7 This column shows the percentage of the total supermarket volume that is contributed by each product line or category. Example: 3.58% of the Total Supermarket Sales comes from the sale of Baked Goods.

8 This column shows the difference between the cost of an item and its retail price. Example: There was a difference of $2,095,052,000 between the cost to supermarkets for Baked Goods and their retail sales in 1990.

9 This column takes the dollar margin from column 8 and expresses it as a percentage. Example: there was a difference of 22.1% between the cost of Baked Goods and their supermarket retail price in 1990.

SUMMARY

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance			
	1	2	3	4	5		6	7	8	9
					% Change from '89 to '90					
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Grocery to Total	Total	Grocery	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
DRY GROCERY (NONFOOD)	71,710,070	46,353,684	13.68	65	3.2	3.6	34,511,324	13.03	6,029,948	17.5
Home Canning Supplies	117,632	94,440	0.03	80	1.3	1.1	78,385	0.03	18,342	23.4
Laundry Supplies	1,776,585	1,642,527	0.48	92	1.1	1.2	1,190,079	0.45	177,995	15.0
Soaps & Detergents	6,603,037	6,026,015	1.78	91	3.9	3.7	4,609,429	1.74	628,413	13.6
Other Cleaners, Cleansers & Supplies	3,707,559	2,395,821	0.71	65	4.0	4.1	1,729,761	0.65	484,252	28.0
Paper, Plastic, Foil Products	16,167,494	12,189,442	3.60	75	5.4	3.3	9,286,810	3.51	1,828,590	19.7
Pesticides & Rodent Control	642,761	364,621	0.11	57	9.9	6.1	277,112	0.10	74,266	26.8
Waxes & Polishes	368,607	287,744	0.08	78	-3.8	-3.5	199,875	0.08	47,169	23.6
Other Household Supplies	2,856,270	1,335,744	0.39	47	0.9	0.9	755,040	0.28	249,829	33.1
Pet Foods	6,874,203	6,237,718	1.84	91	1.2	0.7	4,503,588	1.70	839,069	18.6
Tobacco Products	32,595,922	15,779,612	4.66	48	2.7	5.6	11,881,245	4.48	1,682,022	14.2
HEALTH & BEAUTY AIDS (NON-Rx)	37,801,253	13,573,651	4.01	36	3.5	3.5	10,981,634	4.15	3,009,892	27.4
Dieting Aids	621,495	386,254	0.11	62	12.0	25.4	262,653	0.10	61,461	23.4
Cosmetics	5,676,728	716,000	0.21	13	3.2	1.6	533,448	0.20	168,457	31.6
Family Planning	702,898	102,853	0.03	15	9.1	15.8	92,948	0.04	40,550	43.6
Feminine Hygiene Products	1,898,447	1,103,369	0.33	58	4.5	4.1	992,439	0.37	221,815	22.4
Hair Products	4,781,478	1,828,714	0.54	38	3.0	1.1	1,676,416	0.63	510,335	30.4
Health Aids	1,237,512	566,203	0.17	46	2.8	2.2	468,443	0.18	134,846	28.8
Nail Care Products	644,274	122,552	0.04	19	2.4	2.6	96,816	0.04	32,724	33.8
Oral Hygiene Products	2,889,398	1,575,061	0.46	55	2.2	2.3	1,265,059	0.48	215,299	17.0
Packaged Medications	9,197,583	3,306,225	0.98	36	3.3	4.4	2,730,272	1.03	829,907	30.4
Personal Cleanliness Products	209,668	48,638	0.01	23	0.6	0.9	44,164	0.02	11,871	26.9
Personal Deodorants, Antiperspirants	1,290,372	714,857	0.21	55	0.8	0.8	636,223	0.24	141,242	22.2
Shaving Products	2,083,493	695,143	0.21	33	5.0	5.0	551,320	0.21	170,122	30.9
Skin Care Products	2,323,917	557,565	0.16	24	6.5	3.4	442,281	0.17	116,015	26.2
Vitamins & Tonics	1,640,166	635,301	0.19	39	0.3	0.6	520,947	0.20	182,852	35.1
Other Health & Beauty Aids	2,603,824	1,214,919	0.36	47	2.7	2.9	668,205	0.25	172,397	25.8
PRESCRIPTIONS	27,255,571	3,000,790	0.89	11	5.6	11.4	3,000,790	1.13	–	–
GENERAL MERCHANDISE	ND	13,173,960	3.89	NC	–	4.3	11,431,285	4.31	4,051,926	41.4
Audio & Video	10,787,290	1,068,637	0.32	10	4.6	7.9	651,869	0.25	244,451	37.5
Auto Supplies	2,374,556	707,088	0.21	30	6.2	3.9	622,237	0.23	128,181	20.6
Electrical Appliances	ND	241,953	0.07	NC	–	-7.3	225,016	0.08	69,080	30.7
Flashlights & Batteries	3,447,567	594,136	0.18	17	1.4	-2.1	528,781	0.20	211,512	40.0
Greeting Cards	4,941,544	663,765	0.20	13	6.0	9.0	643,852	0.24	319,351	49.6
Hardware	ND	273,862	0.08	NC	–	5.2	265,646	0.10	94,836	35.7
Housewares**	5,512,918	1,330,609	0.39	NC	3.1	5.4	1,985,006	0.75	853,553	43.0
Other Housewares	ND	715,789	0.21	NC	–	7.3	–	–	–	–
Periodicals	11,910,580	2,095,835	0.62	18	2.6	3.9	1,697,626	0.64	526,264	31.0
Other Merchandise†	5,067,641	618,648	0.18	NC	5.6	5.6	475,461	0.18	210,894	44.4
Pet Accessories	1,808,867	476,784	0.14	26	7.9	7.3	462,480	0.17	177,592	38.4
Photo Supplies & Processing	9,833,102	1,443,146	0.43	15	5.3	5.9	1,327,694	0.50	318,647	24.0
Stationery	865,129	170,438	0.05	20	8.8	8.3	144,872	0.05	49,401	34.1
Toys	14,268,656	309,637	0.09	2	2.0	4.0	247,710	0.09	96,111	38.8
Underwear & Hosiery	6,186,143	1,070,124	0.32	NC	0.2	0.0	806,940	0.30	324,223	40.2
Writing Implements	1,076,553	123,995	0.04	12	6.8	7.0	89,276	0.03	36,960	41.4
General Merchandise NCE	ND	1,269,514	0.37	NC	–	NC	1,256,819	0.47	390,871	31.1
TOTAL FOODS & NONFOOD*	ND	333,068,070	98.29	NC	–	4.7	261,087,723	98.55	65,299,750	25.0
SALES NCE	ND	5,919,432	1.75	NC	–	NC	3,847,631	1.45	715,659	18.6
GRAND TOTAL	ND	338,857,000	100.00	NC	–	2.8	264,935,354	100.00	66,015,409	24.9

—Not available. ND—No data available. NCE—Not classified elsewhere. NC—Not comparable.

* Supermarket margins based on totals excluding Prescriptions.

**Includes all housewares categories listed on the following tables.

†Includes categories listed on the following tables that are too small to list separately for summary purposes.

PERISHABLES

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
BAKED GOODS	20,149,098	12,891,014	3.80	64	3.4	3.0	9,474,239	3.58	2,095,052	22.1	19,495,017	12,509,874	3.79	64
Bread & Rolls[4]	10,560,763	6,595,369	1.95	62	1.2	1.1	4,946,526	1.87	1,038,770	21.0	10,430,409	6,526,573	1.98	63
Rolls, Bread Type	1,547,742	443,227	0.13	29	2.1	1.8					1,515,908	435,390	0.13	29
Variety Bread	2,052,703	1,015,717	0.30	49	4.3	4.7					1,968,076	970,121	0.29	49
White Bread	6,960,318	5,136,425	1.52	74	0.2	0.3					6,946,425	5,121,062	1.55	74
Crackers, Cookies, Biscuits	5,646,946	5,227,639	1.54	93	4.5	4.8	3,763,900	1.42	884,517	23.5	5,403,776	4,988,205	1.51	92
Bread & Cracker Crumbs	82,490	66,733	0.02	81	3.9	4.1	55,388	0.02	11,964	21.6	79,394	64,105	0.02	81
Croutons	51,246	34,278	0.01	67	5.6	6.1	30,165	0.01	6,546	21.7	48,528	32,307	0.01	67
Rice & Grain Cakes	149,314	83,056	0.02	56	3.9	4.4	50,664	0.02	10,791	21.3	143,709	79,556	0.02	55
Sweet Goods	3,658,340	883,938	0.26	24	8.0	7.9	627,596	0.24	142,464	22.7	3,389,201	819,128	0.25	24
Cakes & Pastries	2,468,993	529,595	0.16	21	8.0	7.3					2,286,105	493,565	0.15	22
Doughnuts	668,128	242,723	0.07	36	9.7	10.6					609,050	219,460	0.07	36
Pies	521,219	111,620	0.03	21	5.5	5.2					494,046	106,103	0.03	21
INSTORE BAKERY	7,118,080	7,118,080	2.10	100	7.2	7.2	7,118,080	2.69	4,000,361	56.2	6,640,000	6,640,000	2.01	100
DAIRY	42,130,967	23,777,181	7.02	56	4.6	5.7	16,861,804	6.36	3,655,492	21.7	40,262,991	22,485,971	6.82	56
Cheese	7,918,225	5,778,479	1.71	73	9.8	9.4	4,632,326	1.75	1,150,588	24.8	7,210,936	5,279,961	1.6	73
Cottage & Pot Cheese	639,633	461,276	0.14	72	0.6	0.8	332,119	0.13	49,486	14.9	635,818	457,615	0.14	72
Cream Cheese	710,131	528,021	0.16	74	3.1	3.4	422,417	0.16	78,992	18.7	688,779	510,659	0.15	74
Natural Cheese[5]	4,000,859	2,322,196	0.69	58	12.1	11.8	1,904,201	0.72	493,188	25.9	3,569,009	2,077,098	0.63	58
Processed Cheese[6]	2,567,602	2,466,986	0.73	96	10.8	10.4	1,973,589	0.74	528,922	26.8	2,317,330	2,234,589	0.68	96
Eggs	4,911,134	1,572,761	0.46	32	-2.5	-2.8	990,839	0.37	182,314	18.4	5,037,061	1,618,067	0.49	32
Milk & Milk Products	20,132,081	8,227,404	2.43	41	5.2	7.3	5,337,806	2.01	830,596	15.6	19,131,866	7,668,496	2.32	40
Butter	1,364,847	711,182	0.21	52	-10.6	-9.9	561,834	0.21	111,805	19.9	1,526,674	789,325	0.24	52
Fresh Cream	407,043	225,065	0.07	55	-1.2	-1.4	171,049	0.06	37,973	22.2	411,987	228,261	0.07	55
Fresh Milk	18,287,399	7,223,543	2.13	40	6.8	9.7	4,550,832	1.72	668,972	14.7	17,121,909	6,584,816	2.00	38
Home Consumption	12,016,550	7,223,543	2.13	60	9.5	9.7					10,974,018	6,584,816	2.00	60
Other Milk	6,270,849	–	NC	NC	2.0	–					6,147,891	–	–	–
Refrigerated Toppings	72,793	67,614	0.02	93	2.1	2.3	54,091	0.02	11,846	21.9	71,296	66,094	0.03	93
Yogurt	2,572,748	2,182,615	0.64	85	-1.3	-1.8	1,549,657	0.58	402,911	26.0	2,606,634	2,222,622	0.67	85
Margarine	2,168,505	1,844,912	0.54	85	-0.4	-0.2	1,346,786	0.51	309,761	23.0	2,177,214	1,848,609	0.56	85
Refrigerated Juices/Drinks	2,968,919	2,887,277	0.85	97	8.9	9.1	1,992,221	0.75	496,063	24.9	2,726,232	2,646,669	0.8	97
Apple Juice	69,352	66,878	0.02	96	1.9	1.2					68,059	66,085	0.03	97
Grapefruit Juice	161,228	151,397	0.04	94	0.7	1.1					160,107	149,750	0.05	93
Orange Flavored Drinks	159,589	150,006	0.04	94	7.9	7.6					147,905	139,411	0.05	94
Orange Juice	2,485,425	2,428,383	0.72	98	9.9	10.1					2,261,533	2,205,616	0.67	97
Other Fruit Juices & Drinks	93,325	90,612	0.03	97	5.3	5.6					88,628	85,807	0.04	97
Refrigerated Mexican Foods	180,501	162,751	0.05	90	8.3	8.5	130,201	0.05	29,295	22.5	166,668	150,001	0.04	90
Refrigerated Dough Products	854,334	823,238	0.24	96	7.3	7.5	642,126	0.24	190,711	29.7	796,211	765,803	0.23	96
Refrigerated Dips	98,661	87,895	0.03	89	5.2	5.1	70,316	0.03	15,540	22.1	93,784	83,630	0.02	89
Refrigerated Puddings	94,363	83,522	0.02	89	8.9	8.5	66,818	0.03	14,700	22.0	86,651	76,979	0.01	89
Refrigerated Fish Appetizers	33,176	30,588	0.01	92	2.0	1.6	24,470	0.01	7,561	30.9	32,525	30,106	0.03	93
Refrigerated Pickles/Relishes	180,501	80,766	0.02	45	-0.2	-0.6	64,613	0.02	20,805	32.2	180,863	81,254	0.02	45
Refrigerated Salads	17,817	14,972	0.00	84	9.0	8.7	13,625	0.01	4,646	34.1	16,346	13,774	0.00	84
FROZEN FOODS	22,339,088	16,499,222	4.87	74	4.5	3.7	14,184,066	5.35	3,457,535	24.4	21,381,562	15,906,778	4.82	74
Frozen Baked Goods	1,469,644	1,350,369	0.40	92	1.9	2.1	1,172,715	0.44	313,120	26.7	1,442,044	1,322,695	0.40	92
Frozen Bagels	210,864	205,196	0.06	97	11.2	11.3	176,469	0.07	49,941	28.3	189,626	184,363	0.06	97
Frozen Breads & Rolls	424,911	383,547	0.11	90	3.3	3.6	326,015	0.12	91,936	28.2	411,337	370,219	0.11	90
Frozen Cakes & Pastries	409,623	381,956	0.11	93	-5.0	-4.9	336,121	0.13	85,711	25.5	431,182	401,636	0.12	93
Frozen Pies	424,245	379,670	0.11	89	3.5	3.6	334,110	0.13	85,532	25.6	409,899	366,477	0.11	89
Frozen Breakfast Entrées	788,254	756,606	0.22	96	12.4	12.6	711,210	0.27	171,402	24.1	700,984	671,875	0.20	96
French Toast/Pancakes	101,073	97,078	0.03	96	10.5	10.6					91,469	87,774	0.03	96
Waffles	435,117	413,913	0.12	95	13.0	13.1					385,059	365,971	0.11	95

WHAT THE NUMBERS MEAN

1 All consumption—all retail sales, not including products sold through restaurants and institutions that have been altered by the seller. Excluding those portions of a commodity that are used commercially as an ingredient in another product.

2 Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, confectionaries, fruit and vegetable markets, egg dealers, drug stores, and mass merchandisers.

3 Decreases are shown by minus signs. Other figures represent increases. Comparisons to 1989 are based solely on the item categories that were reported in both the 1989 and 1990 studies.

4 Includes bagels, onion rolls, etc.

5 Includes cheddar, Colby, brick, foreign types.

6 Includes cheese food and cheese spreads.

NC—Not comparable.
—Not applicable.

PERISHABLES

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Other Breakfast Foods	252,064	245,614	0.07	97	12.3	12.6					224,456	218,130	0.07	97
Ice Cream & Yogurt	6,317,643	2,299,367	0.68	36	10.9	11.7	1,540,578	0.58	285,007	18.5	5,698,288	2,059,201	0.62	36
Bulk Ice Cream[7]	838,802	–	NC	NC	5.9	-					792,070	–	–	–
Packaged Ice Cream	3,057,524	2,038,123	0.60	67	9.6	9.8					2,789,712	1,856,214	0.56	66
Specialty Ice Cream	1,799,792	–	NC	NC	10.2	-					1,633,205	–	–	–
Frozen Yogurt[8]	621,525	261,244	0.08	42	28.6	28.7					483,301	202,987	0.06	42
Frozen Coffee Creamer	46,205	42,580	0.01	92	-8.6	-8.4	31,083	0.01	8,952	28.8	50,553	46,485	0.01	92
Frozen Toppings	195,946	184,264	0.05	94	-2.8	-2.7	158,467	0.06	40,409	25.5	201,591	189,377	0.06	94
Frozen Meat, Fish & Poultry	3,803,621	3,236,264	0.96	85	1.1	1.3	2,881,314	1.09	809,019	28.1	3,760,465	3,193,635	0.97	85
Fish & Other Seafood	906,387	680,315	0.20	75	-3.6	-3.4	598,249	0.23	162,454	27.2	940,129	704,490	0.21	75
Frozen Fish Sticks	111,813	89,702	0.03	80	2.5	2.8	80,732	0.03	23,816	29.5	109,086	87,259	0.03	80
Frozen Shrimp	299,506	222,212	0.07	74	-3.7	-4.0	193,324	0.07	50,456	26.1	311,013	231,471	0.07	74
Other Frozen Fish/Seafood	495,069	368,401	0.11	74	-4.8	-4.5	324,193	0.12	88,180	27.2	520,030	385,760	0.1	74
Frozen Meat	423,885	206,747	0.06	49	2.3	2.5	192,275	0.07	61,143	31.8	414,365	201,704	0.06	49
Frozen Poultry	**2,473,348**	**2,349,202**	**0.69**	**95**	**2.8**	**2.7**	**2,090,790**	**0.79**	**585,421**	**28.0**	**2,405,981**	**2,287,441**	**0.69**	**95**
Frozen Prepared Foods	4,705,997	4,572,776	1.35	97	5.7	5.5	4,066,635	1.53	918,393	22.6	4,453,390	4,335,296	1.31	97
Frozen Dinners/Entrées	2,099,309	2,085,326	0.62	99	5.4	5.1	1,835,067	0.69	396,379	21.6	1,991,754	1,984,135	0.6	99
Frozen Meat Pies	273,090	256,597	0.08	94	3.6	2.7	241,201	0.09	55,950	23.2	263,600	247,442	0.07	94
Frozen Pizza	1,047,649	1,041,900	0.31	99	3.1	3.1	916,872	0.35	194,377	21.2	1,016,148	1,010,572	0.3	99
Frozen Poultry Pies	273,976	257,064	0.08	94	1.8	1.9	241,640	0.09	62,343	25.8	269,132	252,271	0.08	94
Frozen Oriental	150,015	147,710	0.04	98	2.1	2.0	131,462	0.05	30,236	23.0	146,929	144,814	0.04	99
Frozen Mexican	462,737	453,411	0.13	98	6.0	6.1	412,604	0.16	103,151	25.0	436,544	427,343	0.13	98
Frozen Sandwiches	344,746	277,818	0.08	81	20.8	22.9	241,702	0.09	63,326	26.2	285,386	226,052	0.07	79
Other Frozen Prepared Foods	54,476	52,950	0.02	97	24.1	24.1	46,067	0.02	12,622	27.4	43,897	42,667	0.02	97
Frozen Fruits[9]	139,902	130,896	0.04	94	1.2	1.2	113,880	0.04	32,797	28.8	138,275	129,349	0.04	93
Blueberries	19,062	17,393	0.01	91	2.0	1.9					18,688	17,069	0.00	91
Raspberries	22,210	20,702	0.01	93	0.8	0.9					22,034	20,517	0.01	93
Strawberries	58,572	55,832	0.02	95	0.5	0.5					58,281	55,554	0.02	95
Other Frozen Fruits	40,057	36,969	0.01	92	2.0	2.1					39,272	36,209	0.01	92
Frozen Fruit Juice Concentrates	1,527,265	1,402,670	0.41	92	2.2	2.4	1,253,523	0.47	274,041	21.9	1,494,335	1,370,345	0.41	92
Apple Juice	133,401	123,132	0.04	92	2.2	2.1					130,529	120,599	0.04	92
Grape Juice	117,021	107,017	0.03	91	3.5	3.6			See Other		113,064	103,298	0.03	91
Grapefruit Juice	19,535	16,978	0.01	87	1.5	1.4					19,246	16,744	0.00	87
Orange Juice	1,206,973	1,106,660	0.33	92	2.1	2.3	996,984	0.38	217,127	21.8	1,182,148	1,081,779	0.33	91
Other Fruit Concentrates	50,335	48,884	0.01	97	2.0	2.0	257,529	0.10	56,914	22.1	49,348	47,925	0.01	97
Frozen Fruit Drinks	148,464	137,223	0.04	92	1.1	1.1	127,617	0.05	36,498	28.6	146,258	135,699	0.04	92
Lemonade Bases	56,117	52,143	0.02	93	0.8	0.8					55,672	51,729	0.01	93
Regular Orange	13,986	12,620	0.00	90	2.5	2.4					13,645	12,324	0.00	90
Synthetic Orange	27,375	24,737	0.01	90	-3.2	-3.3					28,280	25,581	0.01	90
Other Fruit Drinks	50,985	47,723	0.01	94	3.5	3.6					49,201	46,065	0.01	93
Frozen Vegetables	3,196,147	2,386,208	0.70	75	-3.0	-2.7	2,127,046	0.80	567,897	26.7	3,294,779	2,452,821	0.74	74
Asparagus	67,351	47,124	0.01	70	-1.7	-1.6					68,516	47,890	0.01	70
Broccoli	151,498	107,288	0.03	71	-3.2	-3.1					156,506	110,720	0.03	71
Cauliflower	30,200	21,475	0.01	71	-5.1	-4.9					31,823	22,582	0.01	71
Corn	202,542	141,108	0.04	70	-2.9	-2.6					208,591	144,875	0.04	69
French Fried Potatoes	996,812	811,260	0.24	81	2.4	2.6	681,459	0.28	182,631	26.8	973,449	790,702	0.24	81
Green Beans	113,356	84,093	0.02	74	0.8	1.1					112,456	83,178	0.02	74
Green Peas	191,790	136,188	0.04	71	1.0	1.3					189,891	134,440	0.04	71
Lima Beans	53,820	35,434	0.01	66	-4.7	-4.6					56,474	37,143	0.01	66
Onion Products	58,788	41,859	0.01	71	3.6	3.8					56,745	40,327	0.01	71
Other Potato Products	115,162	84,115	0.02	73	2.3	2.6	74,021	0.03	20,430	27.6	112,573	81,983	0.02	73
Spinach	83,483	59,430	0.02	71	-1.9	-1.8					85,100	60,519	0.02	71
Vegetable Combinations & Sauces	809,484	587,656	0.17	73	-9.6	-9.8					895,447	651,503	0.20	73
Other Frozen Vegetables	321,862	229,178	0.07	71	-7.3	-7.2	1,371,566	0.52	364,837	26.6	347,208	246,959	0.07	71
FRESH & CURED MEAT, FISH & POULTRY	80,494,734	54,555,854	16.10	68	2.5	2.7	43,644,684	16.47	9,994,633	22.9	78,528,514	53,113,797	16.2	68
Fresh Fish & Other Seafood	**4,260,176**	**3,723,972**	**1.10**	**87**	**2.3**	**2.6**	**2,979,178**	**1.12**	**935,462**	**31.4**	**4,164,395**	**3,629,602**	**1.1**	**87**
Fresh Meat	43,195,372	26,836,898	7.92	62	0.2	0.1	21,469,518	8.10	4,744,763	22.1	43,125,136	26,807,334	8.13	62
Beef	35,599,818	21,584,351	6.37	61	2.8	2.9	17,267,481	6.52			34,630,173	20,976,046	6.36	61
Lamb	1,319,846	1,175,114	0.35	89	-0.1	0.0	940,091	0.35			1,321,167	1,175,114	0.36	89
Pork	5,469,877	3,568,937	1.05	65	-13.6	-13.5	2,855,150	1.08			6,330,876	4,125,939	1.25	65
Veal	805,832	508,495	0.15	63	-4.4	-4.1	406,798	0.15			842,920	530,235	0.16	63
Fresh Poultry	**14,852,411**	**9,514,236**	**2.81**	**64**	**4.6**	**4.3**	**7,611,389**	**2.87**	**1,819,122**	**23.9**	**14,199,246**	**9,121,990**	**2.77**	**64**
Packaged Meats	18,186,774	14,480,749	4.27	80	6.7	6.7	11,584,599	4.37	2,247,412	19.4	17,039,737	13,566,594	4.10	79
Cured Ham & Picnics	2,731,480	2,186,564	0.65	80	5.6	5.8					2,586,629	2,066,636	0.63	80
Frankfurters	2,269,149	1,768,196	0.52	78	5.1	5.2					2,159,038	1,680,795	0.50	78
Packaged Bacon	2,725,462	2,234,444	0.66	82	6.4	6.3					2,561,524	2,102,017	0.64	82

[7] Grocery store sales are mainly packaged ice cream and specialties, and a negligible amount of bulk ice cream.

[8] Packaged products only, excludes soft-serve frozen yogurt.

[9] Consumer size packages for home use.

—Not applicable.

PERISHABLES

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total	% Change[1] from '89 to '90 Total[1]	% Change[1] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total
Packaged Cold Cuts	4,827,369	3,861,704	1.14	80	8.0	8.3					4,469,786	3,556,513	1.08	79
Sausages (uncooked)	1,657,640	1,296,181	0.38	78	6.9	6.5					1,550,645	1,217,071	0.37	78
Other Sausage Products	3,975,675	3,143,680	0.93	79	7.1	6.8					3,712,115	2,943,502	0.89	79
SERVICE DELI	12,287,520	12,287,520	3.63	100	10.4	10.4	12,287,520	4.64	5,295,921	43.1	11,130,000	11,130,000	3.37	100
PRODUCE	48,779,227	32,469,579	9.58	67	12.4	11.8	25,975,663	9.80	9,377,214	36.1	43,404,979	29,032,016	8.80	67
Fresh Vegetables	31,826,608	19,095,628	5.64	60	15.6	15.3					27,537,553	16,557,205	5.02	60
Carrots	644,286	463,314	0.14	72	2.7	3.6					627,348	447,214	0.13	71
Celery	831,342	545,691	0.16	66	-1.1	-1.0					840,598	551,203	0.17	65
Corn	665,768	373,734	0.11	56	1.6	1.9					655,283	366,765	0.11	56
Lettuce	2,859,949	1,872,355	0.55	65	1.2	1.1					2,826,037	1,851,983	0.56	65
Mushrooms	702,652	489,944	0.14	70	4.2	4.7					674,330	467,950	0.14	69
Onions	1,417,446	822,771	0.24	58	16.1	16.9					1,220,884	703,825	0.21	57
Potatoes	3,516,921	2,142,486	0.63	61	8.2	8.6					3,250,369	1,972,823	0.60	61
Tomatoes	3,703,229	2,180,962	0.64	59	18.6	19.1					3,122,453	1,831,202	0.55	58
Other Fresh Vegetables	17,485,014	10,204,373	3.01	58	22.1	22.0					14,320,241	8,364,240	2.54	58
Fresh Fruits	15,724,024	13,015,160	3.84	83	6.9	7.2					14,710,187	12,142,497	3.68	82
Apples	3,954,530	3,578,255	1.06	90	9.6	9.9					3,608,148	3,255,919	0.99	90
Bananas	2,490,611	2,023,429	0.60	81	11.3	11.6					2,237,746	1,813,108	0.55	81
Citrus Fruits	2,888,517	2,425,753	0.72	84	8.1	8.5					2,672,079	2,236,717	0.68	84
Other Fresh Fruits	6,390,365	4,987,723	1.47	78	3.2	3.1					6,192,214	4,837,753	1.47	78
Floral	863,146	134,523	0.04	16	5.9	11.6					815,056	120,540	0.04	15
Wild Bird Seed[10]	365,449	224,269	0.07	61	6.8	5.9					342,181	211,774	0.06	62
TOTAL PERISHABLES	233,298,714	159,598,451	47.10	68	5.6	5.8	129,546,056	48.90	37,876,208	29.2	220,843,063	150,818,436	45.74	68

DRY GROCERY—FOOD

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total	% Change[1] from '89 to '90 Total[1]	% Change[1] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total
BABY FOODS	3,049,818	2,671,681	0.79	88	13.7	14.0	1,929,903	0.73	121,223	6.3	2,683,085	2,343,311	0.70	87
Desserts	92,651	76,794	0.02	83	12.0	11.8	54,502	0.02	3,815	7.0	82,724	68,689	0.02	83
Fruits & Juices	484,005	441,297	0.13	91	6.9	7.0	313,321	0.12	25,379	8.1	452,764	412,427	0.12	91
Meat & Combinations	332,135	288,776	0.09	87	4.4	4.8	205,031	0.08	17,018	8.3	318,137	275,550	0.08	86
Vegetables	152,061	130,113	0.04	86	8.3	8.6	92,380	0.03	8,591	9.3	140,407	119,809	0.03	85
Infant Cereals	97,203	83,114	0.02	86	10.7	10.8	59,011	0.02	6,137	10.4	87,808	75,013	0.02	87
Infant Formulas	1,891,763	1,651,586	0.49	87	18.1	18.7	1,205,658	0.46	60,283	5.0	1,601,245	1,391,823	0.42	87
Hypoallergenic Formulas	438,806	383,219	0.11	87	10.4	10.7					397,469	346,178	0.10	8.7
Routine Formulas	1,452,958	1,268,367	0.37	87	20.7	21.3					1,203,776	1,045,645	0.32	87
BAKING NEEDS	3,096,215	2,794,535	0.82	90	8.5	8.7	2,041,961	0.77	416,790	20.4	2,852,499	2,571,225	0.78	90
Baking Chocolate & Bits	398,549	380,094	0.11	95	1.6	1.6	277,469	0.10	58,823	21.2	392,273	374,108	0.11	95
Baking Powder	23,686	21,281	0.01	90	1.9	1.8	15,535	0.01	3,045	19.6	23,244	20,306	0.01	90
Baking Soda	16,580	13,788	0.00	83	3.0	3.1	10,065	0.00	2,295	22.8	16,097	13,373	0.01	83
Yeast	52,447	49,924	0.01	95	1.2	1.2	36,445	0.01	6,997	19.2	51,823	49,332	0.01	95
Baking Nuts	360,139	286,456	0.08	80	2.7	2.8	209,114	0.08	61,480	29.4	350,671	278,650	0.08	79
Shelled Walnuts	242,580	192,303	0.06	79	2.7	2.9					236,203	186,983	0.05	79
Other Baking Nuts	117,559	94,153	0.03	80	2.7	2.6					114,468	91,767	0.03	80
Flour	2,244,814	2,042,993	0.60	91	11.2	11.3	1,493,333	0.56	284,150		2,018,369	1,834,857	0.55	91
Cake Flour	13,662	12,421	0.00	91	5.4	5.4	9,316	0.00	1,407	15.1	12,962	11,785	0.01	91
Corn Meal	167,617	140,803	0.04	84	2.6	2.9	102,786	0.04	22,613	22.0	163,369	136,835	0.04	84
Family Flour	669,956	559,260	0.17	83	15.1	15.4	408,260	0.15	57,156	14.0	582,064	484,627	0.14	83
Pancake/Waffle Mix	182,182	169,874	0.05	93	16.3	16.4	125,707	0.05	25,896	20.6	156,648	145,940	0.04	93
Prepared Mixes	1,211,398	1,160,635	0.34	96	9.8	9.9	847,264	0.32	177,078	20.9	1,103,346	1,056,679	0.32	96
Cake Mixes	571,398	551,178	0.16	96	13.4	13.6					503,878	485,192	0.15	96
Frostings,Icings,Fudge	219,014	208,591	0.06	95	14.3	14.4					191,613	182,335	0.05	95
Pie Crust Mixes	64,901	62,539	0.02	96	-2.2	-2.2					66,361	63,946	0.02	96
Pizza Pie Mixes	94,785	91,512	0.03	97	1.8	1.9					93,109	89,306	0.03	96

[10] Includes packages, bulk, and bells.

DRY GROCERY—FOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total
Other Prepared Mixes	261,301	246,814	0.07	94	5.2	5.3					248,385	234,391	0.07	94
BEER, WINE & LIQUOR	40,119,080	19,365,143	5.71	48	1.7	3.2	13,115,884	4.95	2,305,495	17.6	39,458,355	18,756,523	5.69	47
Beer for Home Consumption	22,654,499	16,515,924	4.87	73	3.3	3.8	11,230,828	4.24	1,662,163	14.8	21,932,916	15,918,605	4.83	72
Imported Beer	1,135,740	780,073	0.23	69	3.1	2.8					1,101,591	758,826	0.23	69
Domestic Beer	21,518,759	15,735,851	4.64	73	3.3	3.8					20,831,325	15,159,779	4.60	73
Liquor	10,371,639	277,331	0.08	3	-0.6	0.1	255,145	0.10	104,354	40.9	10,434,244	277,054	0.08	3
Wine	6,217,590	1,974,509	0.58	32	0.0	0.2	1,283,431	0.48	453,051	35.3	6,217,590	1,970,568	0.60	32
Alcohol Coolers	875,352	597,380	0.18	68	0.2	1.2	346,480	0.13	85,927	24.8	873,605	590,296	0.18	67
BREAKFAST FOODS	8,271,329	8,123,938	2.40	98	6.1	6.2	6,141,674	2.32	830,656	13.5	7,796,987	7,651,655	2.32	98
Ready-to-Eat Cereals	6,956,950	6,889,743	2.03	99	6.8	6.8	5,167,307	1.95	656,248	12.7	6,513,998	6,451,070	1.96	99
Hominy Grits	97,187	86,915	0.03	89	4.5	4.6	67,794	0.03	12,745	18.8	93,002	83,093	0.02	89
Hot Cereals	667,734	617,307	0.18	92	-3.7	-3.3	475,326	0.18	75,102	15.8	693,389	638,373	0.19	92
Cereal Bars	351,415	341,284	0.10	97	5.9	5.9	293,504	0.11	59,288	20.2	331,837	322,270	0.10	97
Toaster Pastries	198,043	188,689	0.06	95	20.2	20.3	137,743	0.05	27,273	19.8	164,761	156,849	0.05	95
CANDY & CHEWING GUM	10,966,798	3,774,980	1.11	34	5.1	5.0	2,926,263	1.10	892,510	30.5	10,431,520	3,595,097	1.09	34
Bar Candy	3,778,367	1,190,093	0.35	31	6.6	6.3					3,543,095	1,119,360	0.34	31
Chocolate	3,028,013	949,321	0.28	31	6.7	6.4					2,837,875	892,783	0.27	31
Non-Chocolate	750,354	240,172	0.07	32	6.4	6.0					705,220	226,577	0.07	32
Packaged Chocolate	305,095	135,562	0.04	44	4.1	4.2	1,892,898	0.71			293,051	130,146	0.04	44
Chocolate Covered Creams	149,634	68,125	0.02	46	4.1	4.2					143,741	65,379	0.02	45
Chocolate Covered Fruits	85,470	35,733	0.01	42	4.8	4.5					81,555	34,194	0.01	42
Chocolate Covered Nuts	69,991	31,704	0.01	45	3.3	3.7					67,755	30,573	0.01	45
Packaged Candy Covered Chocolate	406,668	213,918	0.06	53	4.5	4.7					389,156	204,315	0.06	52
Bulk Candy	784,518	502,558	0.15	64	5.6	5.8					742,915	475,008	0.14	64
Packaged Soft Candy	130,544	67,187	0.02	51	4.9	4.1					124,446	64,541	0.02	52
Packaged Hard Candy	354,433	192,503	0.06	54	5.6	4.9					335,637	183,511	0.05	55
Hard Roll Candy	156,388	72,817	0.02	47	2.6	1.8					152,425	71,529	0.02	47
Diet Candy, Gum, Mints	28,956	21,435	0.01	74	8.7	7.9					26,638	19,866	0.01	75
Breath Fresheners	266,931	124,037	0.04	46	4.9	4.1	81,864	0.03			254,462	119,152	0.04	47
Marshmallows	101,452	89,727	0.03	88	4.9	5.1	61,014	0.02			96,713	85,373	0.02	88
Chewing Gum	2,085,606	942,731	0.28	45	3.5	3.7	725,903	0.27			2,015,717	909,054	0.27	45
Sugared	1,304,093	589,076	0.17	45	2.8	3.0					1,268,573	571,918	0.17	45
Sugarless	781,513	353,656	0.10	45	4.6	4.9					747,144	337,136	0.10	45
Other Candy	2,567,842	222,411	0.07	9	4.5	4.3	164,584	0.06			2,457,265	213,242	0.06	8
CANNED FISH & CANNED SEAFOOD	2,147,949	1,915,006	0.57	89	-6.6	-6.6	1,467,586	0.55	194,738	13.3	2,300,446	2,049,709	0.62	93
Canned Salmon	332,364	246,468	0.07	74	-5.7	-5.6	189,780	0.07	34,730	18.3	352,454	261,089	0.08	74
Canned Sardines	98,205	93,517	0.03	95	-7.3	-7.2	72,943	0.03	14,370	19.7	105,938	100,773	0.03	95
Canned Tuna	1,638,786	1,514,223	0.45	92	-6.8	-6.7	1,165,952	0.44	136,416	11.7	1,758,354	1,622,961	0.49	92
Other Canned Fish & Seafood	78,594	60,798	0.02	77	-6.1	-6.3	38,911	0.01	9,222	23.7	83,700	64,886	0.02	77
CANNED FRUITS	2,047,984	1,776,606	0.52	87	1.9	2.0	1,287,357	0.49	279,564	21.7	2,010,013	1,741,370	0.53	86
Applesauce	332,950	295,416	0.09	89	-1.5	-1.4	218,609	0.08	52,466	24.0	338,020	299,611	0.09	88
Apricots	35,239	31,666	0.01	90	8.3	8.3	23,116	0.01	4,924	21.3	32,538	29,239	0.01	90
Citrus	61,165	54,252	0.02	89	0.7	0.6	41,323	0.02	11,364	27.5	60,740	53,928	0.02	89
Cranberries	118,841	106,797	0.03	90	-1.8	-1.7	90,777	0.03	17,157	18.9	121,019	108,644	0.02	90
Fruit Cocktail	332,342	285,991	0.08	86	6.3	6.4	200,194	0.08	40,039	20.0	312,645	268,789	0.08	86
Peaches	404,421	350,471	0.10	87	4.6	4.8	231,311	0.09	48,113	20.8	386,636	334,419	0.10	86
Pears	185,378	157,905	0.05	85	2.0	2.1	124,745	0.05	24,824	19.9	181,743	154,657	0.05	85
Pineapples	240,916	204,361	0.06	85	-5.2	-5.1	157,358	0.06	37,294	23.7	254,131	215,343	0.06	85
Other Canned Fruits	336,733	289,747	0.09	86	4.4	4.7	199,925	0.08	43,384	21.7	322,541	276,740	0.08	86
CANNED & BOTTLED JUICES & DRINKS[11]	5,179,201	4,432,148	1.31	86	4.4	4.6	3,065,730	1.16	712,114	23.2	4,960,111	4,238,218	1.28	85
Apple Cider & Juice	968,989	900,329	0.27	93	8.9	9.1	648,237	0.24	156,225	24.1	889,797	825,233	0.25	93
Cranberry Juice	359,841	345,927	0.10	96	4.2	4.3	325,171	0.12	70,887	21.8	345,337	331,665	0.10	96
Grape Juice	177,103	164,230	0.05	93	5.5	5.5	129,742	0.05	31,008	23.9	167,870	155,668	0.05	93
Grapefruit Juice	144,170	121,304	0.04	84	-10.4	-10.3	95,830	0.04	20,220	21.1	160,904	135,233	0.04	84
Nectars	60,633	57,365	0.02	95	-1.3	-1.3	43,597	0.02	10,507	24.1	61,432	58,121	0.02	95
Orange Juice	106,378	84,507	0.02	79	-5.5	-5.6	64,225	0.02	16,570	25.8	112,569	89,520	0.03	79
Pineapple Juice	95,982	90,242	0.03	94	-9.0	-8.9	67,682	0.03	16,717	24.7	105,475	99,058	0.03	94
Prune Juice	135,913	117,398	0.03	86	-1.1	-1.0	86,875	0.03	19,460	22.4	137,425	118,584	0.03	86
Other Fruit Juices	42,724	33,016	0.01	77	-2.4	-2.3	25,752	0.01	7,983	31.0	43,775	33,793	0.01	77
Vegetable Juice[12]	370,213	328,283	0.10	89	-0.3	-0.1	285,909	0.10	53,980	20.3	371,327	328,612	0.10	88
Fruit Drinks	1,753,134	1,502,856	0.44	86	6.3	6.6	901,714	0.34	200,181	22.2	1,649,232	1,409,809	0.43	85
Aseptic Juices & Drinks	864,350	604,034	0.18	70	5.3	5.1	338,250	0.13	90,992	26.9	820,845	574,723	0.17	70
Aseptic Juices & Drink Concentrates	99,770	82,656	0.02	83	6.0	5.7	72,737	0.03	17,384	23.9	94,123	78,199	0.02	83
CANNED MEATS & SPECIALTY FOODS	1,735,631	1,343,518	0.40	77	-5.2	-4.9	951,661	0.36	209,600	22.0	1,830,881	1,412,575	0.43	77
Beef Hash	110,485	87,176	0.03	79	0.3	0.4	63,638	0.02	12,791	20.1	110,155	86,829	0.03	79
Corned Beef	66,933	61,662	0.02	92	-2.0	-1.9	45,013	0.02	10,398	23.1	68,299	62,856	0.02	92
Ham	249,102	216,892	0.06	87	-12.1	-11.3	134,473	0.05	37,249	27.7	283,392	244,523	0.07	86
Lunch Meats	180,386	156,348	0.05	87	-3.4	-3.0	115,698	0.04	16,082	13.9	186,735	161,183	0.05	86

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[11] Full strength and concentrated juices, non-carbonated

[12] Chiefly tomato juice and blends

DRY GROCERY—FOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[2] from '89 to '90 Total[1]	% Change[2] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Meat Spreads	88,363	77,875	0.02	88	-1.7	-2.1	57,628	0.02	10,431	18.1	89,891	79,545	0.02	88
Poultry	161,850	150,198	0.04	93	-2.7	-2.6	100,633	0.04	16,101	16.0	166,341	154,207	0.05	93
Sausages & Frankfurters	159,365	141,893	0.04	89	-2.5	-2.6	105,001	0.04	26,460	25.2	163,451	145,681	0.04	89
Other Canned Meats	719,148	451,475	0.13	63	-5.7	-5.5	329,577	0.12	80,087	24.3	762,617	477,751	0.14	62
CANNED MILK	442,502	398,872	0.12	90	6.3	6.3	303,143		27,283	9.0	416,454	375,264	0.11	90
Condensed Milk	30,456	18,404	0.01	60	11.3	10.4					27,364	16,670	0.00	61
Evaporated Milk	412,046	380,468	0.11	92	5.9	6.1					389,090	358,594	0.12	92
CANNED PREPARED FOODS	2,210,704	2,062,859	0.61	93	5.1	5.2	1,629,659	0.62	415,516	25.5	2,104,079	1,960,765	0.59	93
Chili	353,772	310,966	0.09	88	3.0	3.1	245,663	0.09	46,430	18.9	343,468	301,616	0.09	88
Meat Stew	182,514	163,538	0.05	90	1.6	1.8	129,195	0.05	27,389	21.2	179,640	160,646	0.05	89
Mexican Food	777,623	730,803	0.22	94	10.0	10.1	577,334	0.22	172,046	29.8	706,930	663,763	0.20	94
Oriental Food	259,276	249,297	0.07	96	-0.9	-0.9	196,345	0.07	61,053	31.0	261,633	251,561	0.07	96
Pasta	637,517	608,256	0.18	95	4.1	4.3	480,522	0.18	108,598	22.6	612,408	583,179	0.17	95
CANNED & DRY SOUP	2,958,017	2,818,834	0.83	95	2.9	2.7	2,161,483	0.82	415,884	19.2	2,875,884	2,744,840	0.83	95
Canned Soup	2,143,208	2,046,216	0.60	95	4.4	4.5	1,534,862	0.58	256,289	16.7	2,052,953	1,957,592	0.59	95
Condensed Soup	1,470,731	1,402,678	0.41	95	5.0	5.1					1,400,896	1,334,613	0.40	95
Single Strength	672,477	643,537	0.19	96	3.1	3.3					652,257	622,979	0.19	95
Dry Soup Mixes[13]	725,398	688,548	0.20	95	-1.9	-2.8	564,609	0.21	144,540	25.6	739,448	708,383	0.21	96
Instant Bouillon & Cubes	89,410	84,070	0.02	94	7.1	6.6	62,212	0.02	15,055	24.2	83,483	78,865	0.02	94
CANNED VEGETABLES	3,704,672	3,284,185	0.97	89	-1.2	-1.2	2,539,768	0.96	549,952	21.7	3,750,397	3,323,429	1.01	88
Asparagus	95,690	85,647	0.03	90	-3.9	-4.0	67,661	0.03	16,442	24.3	99,573	89,216	0.03	89
Beans (Waxed & Green)	454,284	409,159	0.12	90	-4.5	-4.3	298,686	0.11	65,114	21.8	475,690	427,543	0.13	90
Beans with Pork or Sauce[14]	472,927	433,984	0.13	92	-1.0	-0.9	325,489	0.12	60,541	18.6	477,704	437,925	0.13	92
Beets	82,098	73,699	0.02	90	-3.4	-3.3	58,959	0.02	13,325	22.6	84,988	76,214	0.02	90
Corn	650,685	585,073	0.17	90	-0.7	-0.6	473,909	0.18	112,790	23.8	655,272	588,605	0.18	90
Mushrooms	249,180	223,333	0.07	90	2.3	2.2	176,433	0.07	44,636	25.3	243,578	218,525	0.07	88
Peas	354,903	316,137	0.09	89	-1.5	-1.4	230,780	0.09	54,233	23.5	360,308	320,626	0.10	89
Potatoes	125,234	107,801	0.03	86	-1.8	-1.7	64,681	0.02	14,747	22.8	127,530	109,665	0.03	86
Sauerkraut	74,063	67,173	0.02	91	-2.7	-2.8	52,395	0.02	11,684	22.3	76,118	69,108	0.02	91
Tomatoes	444,245	385,170	0.11	87	-0.9	-0.7	319,691	0.12	70,012	21.9	448,280	387,885	0.12	86
Tomato Sauce	401,912	342,724	0.10	85	1.1	0.8	271,179	0.10	49,626	18.3	397,539	340,004	0.10	85
Tomato Paste	185,965	158,706	0.05	85	-2.5	-2.5	131,726	0.05	21,998	16.7	190,733	162,775	0.05	85
Tomato Puree	61,394	52,035	0.02	85	0.4	0.3	44,230	0.02	9,509	21.5	61,149	51,879	0.01	85
Other Canned Vegetables	52,091	43,546	0.01	84	0.3	0.2	23,950	0.01	5,293	22.1	51,935	43,459	0.01	84
CONDIMENTS, DRESSINGS, SPREADS, RELISHES & SAUCES	8,182,274	6,585,710	1.94	80	3.5	3.4	5,119,095	1.93	1,181,561	23.1	7,908,916	6,366,358	1.93	80
Condiments	**2,538,573**	**2,019,443**	**0.60**	**80**	**2.8**	**2.9**	**1,547,593**	**0.58**	**417,112**	**27.0**	**2,468,402**	**1,961,659**	**0.59**	**79**
Barbecue Sauces	442,574	385,349	0.11	87	9.2	8.8	304,426	0.11	67,583	22.2	405,288	354,181	0.11	87
Condiment Sauces	158,410	124,931	0.04	79	7.6	7.5	91,200	0.03	23,894	26.2	147,221	116,215	0.03	79
Flavor Enhancers	20,737	18,638	0.01	90	-0.4	-0.3	13,792	0.01	2,786	20.2	20,820	18,694	0.00	90
Catsup	625,297	494,398	0.15	79	0.4	0.4	360,911	0.14	103,942	28.8	622,806	492,428	0.15	79
Meat Tenderizers	32,934	27,189	0.01	83	0.0	0.0	20,664	0.01	6,571	31.8	32,934	27,189	0.01	82
Onion Flakes	45,644	39,736	0.01	87	1.8	1.9	30,199	0.01	7,550	25.0	44,837	38,995	0.01	87
Pepper	255,687	184,168	0.05	72	2.2	2.4	138,126	0.05	33,426	24.2	250,183	179,852	0.05	72
Prepared Mustard	194,286	152,391	0.04	78	1.3	1.4	120,389	0.05	28,171	23.4	191,793	150,287	0.04	78
Salt	150,844	124,568	0.04	83	2.6	2.7	93,426	0.04	21.114	22.6	147,021	121,293	0.03	82
Spices	612,159	468,075	0.14	76	1.1	1.2	374,460	0.14	122,074	32.6	605,499	462,525	0.14	76
Dressings & Spreads	**2,516,148**	**2,118,202**	**0.63**	**84**	**2.5**	**2.6**	**1,687,308**	**0.64**	**292,179**	**17.3**	**2,455,688**	**2,065,298**	**0.62**	**84**
Pourable Salad Dressings	983,479	863,661	0.25	88	5.4	5.6	699,565	0.26	169,295	24.2	933,092	817,861	0.25	88
Spoonable Salad Dressings	519,346	455,559	0.13	88	6.2	5.9	378,114	0.14	36,677	9.7	489,026	430,178	0.13	88
Mayonnaise	831,063	666,980	0.20	80	-2.6	-2.7	500,225	0.19	63,530	12.7	853,247	685,488	0.21	80
Sandwich Spreads	42,376	37,532	0.01	89	-4.8	-4.8	28,149	0.01	4,560	16.2	44,513	39,424	0.01	88
Vinegar	139,884	94,471	0.03	68	3.0	2.3	81,245	0.03	18,118	22.3	135,810	92,347	0.03	68
Relishes & Appetizers	**1,434,664**	**979,129**	**0.29**	**68**	**5.4**	**5.5**	**782,492**	**0.30**	**201,251**	**25.7**	**1,361,754**	**928,438**	**0.28**	**68**
Bottled Green Olives	191,785	163,388	0.05	85	8.8	9.1	135,612	0.05	37,022	27.3	176,273	149,760	0.04	85
Canned Ripe Olives	220,505	188,906	0.06	86	5.8	5.7	153,014	0.06	37,488	24.5	208,417	178,719	0.05	86
Pickled Cucumbers,	895,170	518,235	0.15	58	5.3	5.4	414,588	0.16	107,793	26.0	850,114	491,684	0.15	58
Tomatoes, Peppers, Relishes & Mixed Pickles	127,204	108,600	0.03	85	0.2	0.3	79,278	0.03	18,947	23.9	126,950	108,275	0.03	85
Spaghetti Sauces	**1,692,889**	**1,468,936**	**0.43**	**87**	**4.3**	**4.1**	**1,101,702**	**0.42**	**271,019**	**24.6**	**1,623,072**	**1,410,963**	**0.43**	**87**
Meatless	1,478,607	1,299,161	0.38	88	4.3	4.1					1,417,648	1,247,993	0.38	88
With Meat	187,771	146,299	0.04	78	4.5	4.4					179,685	140,133	0.04	78
With Clams	26,511	23,476	0.01	89	3.0	2.8					25,739	22,837	0.01	89
DESSERTS	683,192	599,492	0.18	88	3.3	3.4	460,572	0.17	95,902	20.8	661,218	579,603	0.17	88
Packaged Gelatin[15]	248,361	227,661	0.07	92	3.6	3.1	177,576	0.07	31,964	18.0	239,731	220,816	0.06	92
Prepared Puddings[16]	317,690	270,307	0.08	85	3.9	4.6	205,433	0.08	46,839	22.8	305,765	258,420	0.08	84
Dried Toppings	14,290	13,506	0.00	95	4.4	4.2	10,670	0.00	2,785	26.1	13,688	12,962	0.00	95
Ice Cream & Dessert Toppings	102,850	88,017	0.03	86	0.8	0.7	66,893	0.03	14,315	21.4	102,034	87,405	0.02	86

[13] Includes instant and mixes

[14] Includes baked beans

[15] Both flavored and unflavored

[16] Both instant and other prepared puddings. Includes corn starch puddings, tapioca and rennet. Includes shelf-stable products

DRY GROCERY—FOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total
DRIED FOODS	4,157,049	3,377,332	1.00	81	6.7	6.8	2,518,530	0.95	544,994	21.6	3,895,562	3,161,888	0.96	81
Dried Vegetables & Fruits	2,507,039	1,862,719	0.55	74	6.1	5.9	1,372,488	0.52	316,745	23.1	2,363,550	1,758,885	0.53	74
Dried Beans & Peas	496,345	254,910	0.06	51	0.9	1.0	152,946	0.06	29,672	18.4	491,918	252,386	0.07	51
Fruits	701,282	541,785	0.16	77	1.6	1.4	422,592	0.16	106,916	25.3	690,401	534,244	0.16	77
Apricots	30,473	21,450	0.01	70	2.0	2.1					29,875	21,009	0.00	70
Dates	42,016	36,927	0.01	88	4.3	4.6					40,284	35,303	0.01	87
Figs	11,544	8,303	0.00	72	6.5	6.6					10,839	7,789	0.00	72
Raisins	427,572	330,178	0.10	77	1.1	1.3					422,920	325,941	0.10	77
Prunes	168,080	129,340	0.04	77	2.1	0.6					164,623	128,569	0.04	78
Other Dried Fruits[17]	21,598	15,586	0.00	72	-1.2	-0.3					21,860	15,633	0.00	71
Instant Mashed Potatoes	209,227	200,360	0.06	96	14.7	14.9	148,266	0.06	35,436	23.9	182,412	174,378	0.05	95
Other Instant Potatoes	60,255	56,287	0.02	93	2.9	3.0	41,652	0.02	8,747	21.0	58,557	54,648	0.01	93
Rice	1,039,330	809,376	0.24	78	10.6	8.9	607,032	0.23	135,975	22.4	940,262	743,229	0.22	79
OTHER DRIED FOODS	1,650,010	1,514,613	0.45	92	7.7	-8.0	1,146,042	0.43	228,249	19.9	1,532,012	1,403,003	0.42	91
Cured Fish	231,134	148,666	0.04	64	3.8	3.9	114,473	0.04	27,130	23.7	222,672	143,086	0.04	64
Dry Gravy Mixes	94,613	90,723	0.03	96	6.8	6.5	66,228	0.02	18,678	28.2	88,755	85,186	0.02	96
Dry Dinner Mixes	1,047,707	1,019,025	0.30	97	9.3	9.3	764,269	0.29	141,390	16.5	958,561	932,319	0.28	97
Breading Mixes	95,760	80,606	0.02	84	4.7	4.8	58,842	0.02	12,180	20.7	91,461	76,914	0.02	84
Dry Stuffing Mixes	180,797	175,593	0.05	97	6.0	6.1	142,230	0.05	28,873	20.3	170,563	165,496	0.05	97
FATS & SHORTENINGS[18]	1,893,282	1,578,056	0.47	83	-0.6	-0.2	1,207,930	0.46	209,182	17.3	1,903,887	1,581,407	0.48	83
Cooking & Salad Oils	1,222,127	1,007,845	0.30	82	-1.3	-1.1	806,278	0.30	154,805	19.2	1,238,224	1,019,055	0.31	82
Lard	78,312	33,214	0.01	42	-5.5	-5.6	24,246	0.01	3,443	14.2	82,870	35,184	0.01	42
Olive Oil	181,750	172,014	0.05	95	9.3	9.3	125,570	0.05	22,728	18.1	166,285	157,378	0.05	94
Shortening	411,093	364,963	0.11	89	-1.3	-1.3	251,838	0.10	28,206	11.2	416,506	369,790	0.11	89
JAMS, JELLIES & PRESERVES	2,688,548	2,185,363	0.64	81	0.2	0.3	1,502,218	0.57	298,093	19.8	2,683,755	2,179,713	0.66	81
Citrus Marmalade	14,819	12,510	0.00	84	2.9	2.9	674,320	0.25	168,580	25.0	14,401	12,157	0.01	86
Fruit Butter	8,288	7,184	0.00	87	5.0	5.1					7,893	6,835	0.01	86
Jams, Preserves	850,657	730,601	0.22	86	2.5	2.6					829,909	712,067	0.21	86
Jellies	283,073	241,352	0.07	85	0.8	0.9					280,826	239,199	0.07	85
Honey	197,455	141,117	0.04	71	2.1	1.0	101,604	0.04	18,390	18.1	193,394	139,720	0.04	72
Peanut Butter	1,334,257	1,052,600	0.31	79	-1.7	-1.6	726,294	0.27	111,123	15.3	1,357,332	1,069,715	0.32	79
PASTA	1,919,273	1,379,964	0.41	72	5.6	5.4	1,034,973	0.39	268,058	25.9	1,817,305	1,309,170	0.40	72
Macaroni	664,385	441,599	0.13	66	4.8	4.5					635,167	422,583	0.13	66
Noodles	476,222	354,860	0.10	75	10.8	10.3					429,803	321,723	0.10	75
Spaghetti	778,667	583,505	0.17	75	3.5	3.3					752,335	564,864	0.17	75
PREPARED DRINKS	9,441,794	7,155,648	2.11	76	0.9	-3.2	5,270,515	1.99	1,110,649	21.1	9,360,528	7,394,147	2.24	79
Cocoa	310,609	280,171	0.08	90	-9.7	-9.5	229,740	0.09	53,070	23.1	343,814	309,743	0.09	90
Unsweetened Cocoa	25,460	18,816	0.01	74	-10.3	-10.2					28,383	20,953	0.00	74
Prepared Sweet Cocoa	285,150	261,355	0.08	92	-9.6	-9.5					315,431	288,790	0.09	92
Coffee	6,740,481	4,698,200	1.39	70	0.8	-5.3	3,452,475	1.30	687,043	19.9	6,684,219	4,960,018	1.50	74
Regular Coffee	4,922,584	3,405,744	1.01	69	-7.7	-7.5	2,486,193	0.94	469,890	18.9	5,333,244	3,681,885	1.11	69
Instant Coffee	1,202,950	1,139,456	0.34	95	-9.4	-9.3	854,592	0.32	190,574	22.3	1,327,759	1,256,291	0.38	94
Whole Bean Coffee	614,947	153,000	0.05	25	3.1	3.0	111,690	0.04	29,821	26.7	NC	NC	-	-
Powdered Drink Mixes[19]	736,805	697,197	0.21	95	2.7	2.8	508,954	0.19	106,880	21.0	717,434	678,207	0.20	94
Dry Milk Powder[20]	135,523	128,299	0.04	95	5.9	5.9	92,375	0.03	21,246	23.0	127,973	121,151	0.03	95
Prepared Food Drinks	86,889	81,726	0.02	94	-2.1	-2.2	53,939	0.02	13,431	24.9	88,753	83,564	0.02	94
Tea	1,050,037	918,594	0.27	87	1.9	1.8	679,979	0.26	161,835	23.8	1,030,340	902,369	0.27	87
Bags & Loose Tea	422,637	378,139	0.11	89	2.0	1.9	294,948	0.11	102,052	34.6	414,350	371,088	0.11	89
Herb Tea	205,194	149,031	0.04	73	6.1	6.4	110,282	0.04	25,585	23.2	193,397	140,067	0.04	72
Ice Tea Mixes	307,508	286,038	0.08	93	-0.2	0.0	203,087	0.08	48,741	24.0	306,124	286,038	0.08	93
Instant Tea	114,698	105,386	0.03	92	0.2	0.2	71,662	0.03	17,844	24.9	114,469	105,176	0.03	92
Breakfast Drinks	121,349	114,539	0.03	94	0.3	0.2	82,468	0.03	19,380	23.5	120,966	114,310	0.03	94
Coffee Creamer	260,100	236,923	0.07	91	5.3	5.4	170,585	0.06	47,764	28.0	247,009	224,785	0.07	91
SNACKS	9,870,648	6,419,297	1.89	65	5.4	5.8	4,109,997	1.55	1,094,338	26.6	9,368,718	6,064,964	1.84	65
Corn Chips	1,487,399	1,114,909	0.33	75	6.6	6.7	758,138	0.29	204,697	27.0	1,395,309	1,044,901	0.31	75
Fruit Rolls & Bars	378,661	319,700	0.09	84	16.3	16.4	198,214	0.07	50,743	25.6	325,590	274,656	0.08	84
Packaged Unpopped Popcorn	849,526	717,144	0.21	84	8.2	8.6	387,258	0.15	115,016	29.7	785,144	660,354	0.20	84
Popped Popcorn	671,054	457,130	0.13	68	15.5	12.6	251,422	0.09	76,181	30.3	580,999	405,977	0.12	70
Pork Rinds	302,754	266,050	0.08	88	5.9	5.7	170,272	0.06	50,911	29.9	285,887	251,703	0.07	88
Potato Chips	4,253,117	2,372,879	0.70	56	5.1	4.4	1,542,371	0.58	364,000	23.6	4,046,734	2,272,873	0.69	56
Pretzels	408,210	378,163	0.11	93	12.1	12.9	302,530	0.11	78,355	25.9	364,148	334,954	0.10	92
Snack Nuts[21]	1,519,926	793,321	0.23	52	-4.1	-3.2	499,792	0.19	154,436	30.9	1,584,907	819,546	0.25	52

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17 Excludes fruit rolls and bars (listed under Snacks).

18 Margarine included with dairy.

19 Excludes "breakfast drinks" (listed separately).

20 Includes chocolate syrup-based drinks, malted milk items and other non-refrigerated items but excludes chocolate syrup.

21 Includes bulk nuts.

NC—Not Comparable

—Not Applicable

DRY GROCERY—FOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
SOFT DRINKS	18,304,706	10,870,001	3.21	59	4.4	5.2	8,989,253	3.39	1,868,346	20.8	17,531,406	10,331,071	3.13	59
Bottled Soft Drinks	14,559,995	7,335,634	2.16	50	2.4	2.0	8,395,077	3.17	1,720,991	20.5	14,215,349	7,191,545	2.18	50
Diet	1,148,954	891,367	0.26	78	3.9	3.5					1,105,827	861,224	0.26	78
Sugared	13,411,041	6,444,267	1.90	48	2.3	1.8					13,109,522	6,330,321	1.92	48
Canned Soft Drinks	3,103,044	2,902,266	0.86	94	12.4	11.9					2,760,020	2,592,725	0.78	94
Diet	1,278,809	1,164,614	0.34	91	12.9	12.6					1,132,692	1,034,293	0.31	91
Sugared	1,824,235	1,737,652	0.51	95	12.1	11.5					1,627,328	1,558,432	0.47	96
Bottled Water	641,667	632,102	0.19	99	15.4	15.6	594,176	0.22	147,356	24.8	556,037	546,801	0.16	96
SWEETENERS & FLAVORS	2,989,243	2,454,366	0.72	82	4.1	4.0	1,841,479	0.70	289,327	15.7	2,872,349	2,359,637	0.71	82
Flavoring Extracts	173,459	115,286	0.03	66	5.6	5.2	85,311	0.03	26,190	30.7	164,312	109,596	0.03	67
Vanilla Extracts	105,546	70,313	0.02	67	6.6	5.9	52,032	0.02	15,922	30.6	99,011	66,396	0.02	67
Other Flavoring Extracts	67,913	44,972	0.01	66	4.0	4.1	33,279	0.01	10,316	31.0	65,301	43,201	0.01	66
Marshmallow Cream	12,882	11,464	0.00	89	2.7	2.7	8,254	0.00	1,997	24.2	12,543	11,163	0.00	89
Packaged Molasses	26,559	22,988	0.01	87	3.6	3.7	17,011	0.01	3,879	22.8	25,636	22,168	0.00	86
Sugar	1,878,559	1,589,776	0.47	85	2.9	2.8	1,176,434	0.44	144,701	12.3	1,825,616	1,546,475	0.47	85
Synthetic Sweeteners	291,055	256,555	0.08	88	5.4	5.7	192,416	0.07	45,218	23.5	276,143	242,720	0.07	88
Table Syrup	606,730	458,296	0.14	76	6.8	7.2	362,053	0.14	67,342	18.6	568,099	427,515	0.13	75
TOTAL DRY GROCERY (Food)	146,059,907	97,367,534	28.73	67	3.2	3.5	71,616,634	27.03	14,331,776	20.0	141,474,355	94,091,939	28.50	66
TOTAL FOODS	379,358,621	256,965,985	75.83	68	4.7	4.9	201,162,690	75.93	52,207,983	26.0	362,317,418	244,910,375	74.30	67

DRY GROCERY—NONFOOD

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
HOME CANNING SUPPLIES	117,632	94,440	0.03	80	1.3	1.1	78,385	0.03	18,342	23.4	116,153	93,427	0.03	80
Caps, Lids, Bands	68,108	58,202	0.02	85	1.4	1.2					67,166	57,512	0.02	85
Jars	49,524	36,238	0.01	73	1.1	0.9					48,985	35,915	0.01	73
LAUNDRY SUPPLIES	1,776,585	1,642,527	0.48	92	1.1	1.2	1,190,079	0.45	177,995	15.0	1,757,757	1,623,675	0.49	92
Bleaches	721,703	674,407	0.20	93	-0.6	-0.5	478,829	0.18	49,319	10.3	725,923	677,661	0.20	93
Chlorine Bleach	324,432	304,735	0.09	94	-1.5	-1.4					329,373	309,062	0.09	94
Non-Chlorine	345,681	323,065	0.10	93	0.5	0.6					343,961	321,138	0.10	93
Dry Bleach	51,590	46,607	0.01	90	-1.9	-1.8					52,589	47,461	0.01	90
Bluing	5,057	[illegible]	0.00	83	1.0	0.9	2,939	0.00	464	15.8	5,007	4,162	0.00	83
Fabric Softeners	773,578	717,312	0.21	93	2.6	2.7	530,811	0.20	92,361	17.4	753,975	698,454	0.21	92
Soil & Stain Remover	183,515	162,465	0.05	89	2.8	2.9	118,599	0.04	23,245	19.6	178,517	157,886	0.04	88
Laundry Starch[22]	92,731	84,144	0.02	91	-1.7	-1.6	58,901	0.02	12,605	21.4	94,335	85,512	0.02	90
SOAPS & DETERGENTS	6,603,037	6,026,015	1.78	91	3.9	3.7	4,609,429	1.74	628,413	13.6	6,357,355	5,813,194	1.76	91
Cleansers (Scouring)	286,999	227,698	0.07	79	2.0	2.0	166,220	0.06	34,408	20.7	281,372	223,233	0.07	79
Laundry Bar Soaps	4,515	3,601	0.00	80	-9.6	-9.6	2,773	0.00	374	13.5	4,994	3,983	0.00	80
Soap Flakes, Chips,Powders	34,579	32,772	0.01	95	-8.2	-8.1	23,924	0.01	3,230	13.5	37,668	35,660	0.01	95
Liquid Detergents	2,100,016	1,979,195	0.58	94	2.3	1.8	1,578,217	0.60	206,746	13.1	2,053,456	1,943,911	0.59	95
Heavy Duty	781,740	732,682	0.22	94	7.3	6.4	593,472	0.22	74,777	12.6	728,555	688,611	0.21	94
Other Liquid Detergents[23]	1,318,276	1,246,513	0.37	95	-0.5	-0.7	984,745	0.37	130,071	13.3	1,324,901	1,255,300	0.38	95
Other Detergents	2,670,839	2,555,650	0.75	96	6.7	6.7	1,942,512	0.73	217,561	11.2	2,504,221	2,395,997	0.72	95
Dishwashing Compounds	509,696	451,078	0.13	88	8.4	8.0	351,841	0.13	47,499	13.5	470,199	417,665	0.12	89
Other Dry Low-Sudsing	920,392	880,335	0.26	96	7.0	7.2	660,251	0.25	67,346	10.2	860,179	821,208	0.25	95
Other Dry Detergents	1,240,752	1,224,237	0.36	99	5.7	5.8	930,420	0.35	102,346	11.0	1,173,843	1,157,124	0.35	98
Toilet Soaps/Detergents	1,360,598	1,143,346	0.34	84	2.2	1.4	834,643	0.32	166,094	19.9	1,331,879	1,127,731	0.34	84
Bath Detergents	140,432	107,937	0.03	77	3.7	2.0					135,421	105,821	0.03	78
Bath Soaps	373,317	285,540	0.08	76	3.8	2.1					359,650	279,667	0.08	78
Deodorant Soaps & Bars	547,463	544,561	0.16	99	1.2	1.0					540,971	539,169	0.16	99
Liquid Soaps	299,387	205,308	0.06	69	1.2	1.1					295,837	203,074	0.06	68
Water Softening Salt	145,490	83,754	0.02	58	1.2	1.3	61,140	0.02	13,329	21.8	143,765	82,679	0.02	57
OTHER CLEANERS, CLEANSERS & SUPPLIES	3,707,559	2,395,821	0.71	65	4.0	4.1	1,729,761	0.65	484,252	28.0	3,565,967	2,301,262	0.70	64
All-Purpose Cleaners (Liquid)	817,687	729,635	0.22	89	4.9	5.1	561,819	0.21	130,342	23.2	779,492	694,229	0.21	89
Cellulose Sponges	161,943	113,645	0.03	70	[illegible]	0.7	80,688	0.03	36,089	43.5	158,768	112,865	0.03	71
Drain Pipe Solvents	35,163	32,706	0.01	93	2.1	2.3	26,166	0.01	5,704	21.8	34,440	31,971	0.01	93
Household Ammonia	53,094	36,543	0.01	69	4.6	4.5	26,311	0.01	5,525	21.0	50,759	34,969	0.01	69
Household Brooms	161,229	104,316	0.03	65	0.7	0.5	127,734	0.05	52,243	40.9	160,106	103,797	0.03	65

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[22] Includes dry, liquid and spray starch.

[23] Includes dishwashing liquids.

DRY GROCERY—NONFOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Mops	222,183	127,928	0.04	58	2.0	1.5					217,826	126,037	0.04	58
Spot Cleaning Fluid	54,185	22,428	0.01	41	0.2	0.0	15,924	0.01	5,207	32.7	54,077	22,428	0.01	41
Household Disinfectants	306,365	234,919	0.07	77	5.0	5.3	169,142	0.06	39,748	23.5	291,861	223,061	0.07	76
Aerosol	242,216	181,377	0.05	75	4.7	5.0					231,343	172,740	0.05	74
Non-Aerosol	64,149	53,542	0.02	83	6.0	6.4					60,518	50,321	0.01	83
Household Deodorizers	379,291	217,397	0.06	57	7.9	7.2	156,526	0.06	42,105	26.9	351,403	202,793	0.06	58
Aerosol,Room	107,446	72,598	0.02	68	5.1	4.7					102,232	69,339	0.02	68
Non-Aerosol,Room	271,846	144,799	0.04	53	9.1	8.5					249,171	133,455	0.04	53
Rug Cleaners	99,682	73,361	0.02	74	14.1	14.3	55,021	0.02	15,736	28.6	87,364	64,183	0.02	73
Oven Cleaners	64,133	60,585	0.02	94	-3.1	-3.2	46,045	0.02	10,452	22.7	66,185	62,588	0.02	94
Steel Wool & Wire Sponges	127,133	117,219	0.03	92	2.2	2.3	83,225	0.03	22,055	26.5	124,396	114,584	0.03	92
Toilet Bowl Cleaners	124,632	108,006	0.03	87	3.5	3.8	76,684	0.03	19,861	25.9	120,417	104,052	0.03	86
Vacuum Cleaner Bags	776,241	174,879	0.05	23	2.1	1.9	127,662	0.05	58,597	45.9	760,275	171,618	0.05	22
Wall & Floor Cleaners	63,234	55,087	0.02	87	-1.2	-1.3	39,112	0.01	9,230	23.6	64,002	55,813	0.02	87
Window Cleaners	128,534	106,935	0.03	83	6.3	5.2	75,924	0.03	17,766	23.4	120,916	101,649	0.03	84
All Other Cleaners[24]	132,830	80,233	0.02	60	7.4	7.5	61,779	0.02	14,580	23.6	123,678	74,635	0.02	60
PAPER, PLASTIC & FOIL PRODUCTS	16,167,494	12,189,442	3.60	75	5.4	3.3	9,286,810	3.51	1,828,590	19.7	15,338,567	11,795,029	3.58	77
Cleansing/Facial Tissues	1,040,602	889,919	0.26	86	1.4	1.3	774,230	0.29	133,942	17.3	1,026,235	878,499	0.26	85
Coffee Filters	102,573	102,102	0.03	100	6.5	6.5	75,555	0.03	22,213	29.4	96,313	95,870	0.03	99
Disposable Diapers	3,418,501	2,313,483	0.68	68	5.2	1.9	1,642,573	0.62	95,269	5.8	3,249,526	2,270,346	0.69	70
Incontinence Products	879,485	91,830	0.03	10	17.6	30.5	73,464	0.03	21,966	29.9	747,861	70,368	0.02	9
Freezer Paper	24,520	20,694	0.01	84	24.6	24.8	15,314	0.01	4,227	27.6	19,679	16,582	0.01	84
Paper Cups[25]	459,101	358,871	0.11	78	0.3	0.0	305,040	0.12	67,109	22.0	457,728	358,871	0.11	78
Paper Napkins	492,944	449,564	0.13	91	5.0	3.1	359,651	0.14	93,509	26.0	469,470	436,047	0.13	93
Paper Plates[25]	781,340	618,703	0.18	79	3.4	2.9	482,588	0.18	71,423	14.8	755,648	601,266	0.18	79
Paper Towels	1,970,635	1,727,336	0.51	88	2.7	1.9	1,174,588	0.44	280,727	23.9	1,918,827	1,695,129	0.51	88
Moistened Wipes[26]	211,614	167,515	0.05	79	11.2	10.3	123,961	0.05	29,379	23.7	190,300	151,872	0.04	80
ndwich Bags	8,772	8,078	0.00	92	-1.2	-1.1	5,897	0.00	731	12.4	8,879	8,168	0.01	92
Toilet Paper	3,056,973	2,864,502	0.85	94	5.8	5.3	2,033,796	0.77	488,111	24.0	2,889,388	2,720,325	0.82	94
Waxed Paper	40,948	35,490	0.01	87	6.2	6.4	26,263	0.01	5,857	22.3	38,557	33,355	0.01	86
Other Paper Products	116,553	32,802	0.01	28	8.9	8.7	23,945	0.01	5,196	21.7	107,028	30,177	0.01	28
Plastic Cutlery	66,552	55,072	0.02	83	0.7	1.3	27,536	0.01	6,085	22.1	66,089	54,365	0.01	82
Household Aluminum Foil	472,936	423,899	0.13	90	4.1	4.3	339,119	0.13	62,059	18.3	454,309	406,423	0.12	89
Disposable Aluminum Cookware	232,390	174,751	0.05	75	2.9	2.5	145,043	0.05	36,551	25.2	225,841	170,489	0.05	75
Plastic Bags	2,502,062	1,632,347	0.48	65	6.1	2.7	1,518,083	0.57	376,485	24.8	2,357,237	1,590,109	0.48	67
Garbage Disposal	1,839,381	1,083,389	0.32	59	6.9	3.2	1,007,552	0.38	252,896	25.1	1,720,656	1,049,796	0.32	61
Food & Other Bags	662,681	548,958	0.16	83	4.1	1.6	510,531	0.19	125,080	24.5	636,581	540,313	0.16	85
Plastic Film Wrap	288,993	222,482	0.07	77	11.3	7.6	140,164	0.05	27,752	19.8	259,652	206,768	0.06	79
PESTICIDES & RODENT CONTROL	642,761	364,621	0.11	57	9.9	6.1	277,112	0.10	74,266	26.8	585,040	343,703	0.10	59
Aerosol	283,243	186,211	0.05	66	2.3	1.8					276,875	182,918	0.05	66
Liquid (Non-Aerosol)	48,696	31,613	0.01	65	-3.9	-4.1					50,672	32,965	0.01	65
Pastes,Solids,Strips	41,660	28,511	0.01	68	9.5	9.6					38,046	26,014	0.01	68
Personal Insect Repellants	95,853	47,753	0.01	50	36.1	22.8					70,428	38,887	0.01	55
Non-Chemical Pest Control[27]	173,309	70,532	0.02	41	16.3	12.1					149,019	62,919	0.02	42
WAXES & POLISHES	368,607	287,744	0.08	78	-3.8	-3.5	199,875	0.08	47,169	23.6	383,122	298,217	0.09	78
Furniture Polish	234,570	182,518	0.05	78	-4.7	-4.4	124,112	0.05	27,925	22.5	246,138	190,918	0.06	77
Buffing Floor Wax	9,015	5,538	0.00	61	-9.2	-9.1	75,763	0.03	19,244	25.4	9,928	6,092	0.00	61
Self-Polishing Floor Wax	125,023	99,689	0.03	80	-1.6	-1.5					127,056	101,207	0.03	79
OTHER HOUSEHOLD SUPPLIES	2,856,270	1,335,744	0.39	47	0.9	0.9	755,040	0.28	249,829	33.1	2,830,482	1,323,812	0.40	46
Charcoal Briquettes	347,897	311,789	0.09	90	-0.8	0.5	177,720	0.07	33,945	19.1	350,703	310,238	0.09	88
Charcoal Lighter	112,500	81,031	0.02	72	1.0	1.1	53,480	0.02	13,637	25.5	111,386	80,149	0.02	72
Electric Christmas Bulbs/Sets	310,135	34,231	0.01	11	2.0	0.0	20,539	0.01	8,585	41.8	304,054	34,231	0.01	11
Electric Light Bulbs[28]	1,256,611	512,689	0.15	41	0.1	0.0	276,852	0.10	116,001	41.9	1,255,356	512,689	0.15	41
Fireplace Logs	120,977	84,990	0.03	70	3.2	3.6	73,091	0.03	18,200	24.9	117,226	82,037	0.02	70
Household Glue	25,812	3,260	0.00	13	2.6	1.3	1,891	0.00	715	37.8	25,158	3,218	0.00	13
Household Tints & Dyes	54,324	4,948	0.00	9	4.9	5.0	2,870	0.00	1,116	38.9	51,786	4,712	0.00	9
Matches[29]	38,136	29,640	0.01	78	2.5	2.6	17,784	0.01	6,367	35.8	37,206	28,889	0.01	77
Shoe Polish	259,033	79,627	0.02	31	4.3	6.5	40,610	0.02	18,599	45.8	248,354	74,767	0.02	29
Gloves	122,587	90,369	0.03	74	-3.7	-3.1	55,125	0.02	22,491	40.8	127,257	93,296	0.03	73
Cloth Gloves	49,650	19,039	0.01	38	-5.2	-5.1					52,373	20,062	0.01	38
Rubber Gloves	72,937	71,330	0.02	98	-2.6	-2.6					74,884	73,234	0.02	98
Household Supplies n.c.e.	208,258	103,171	0.03	50	3.1	3.6	35,078	0.01	10,173	29.0	201,996	99,586	0.03	49
PET FOODS[30]	6,874,203	6,237,718	1.84	91	1.2	0.7	4,503,588	1.70	839,069	18.6	6,790,864	6,197,243	1.88	91
Canned Pet Food	2,350,506	2,155,001	0.64	92	1.5	0.7	1,566,488	0.59	317,997	20.3	2,315,183	2,140,293	0.65	92
Canned Cat Food	1,328,670	1,214,517	0.36	91	1.7	0.6	898,743	0.34	190,534	21.2	1,306,460	1,207,273	0.36	92

[24] Includes borax and similar products.

[25] Includes plastic and other non-paper disposables.

[26] Includes baby wipes.

[27] Includes mouse and other traps.

[28] 200 watt and under, including non-residential use. Grocery store sales are estimated to be 70 percent residential.

[29] Includes wooden and book matches.

[30] Cage bird food and other pet accessories listed under General Merchandise.

DRY GROCERY—NONFOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Canned Dog Food	1,021,836	940,484	0.28	92	1.3	0.8	667,744	0.25	127,539	19.1	1,008,723	933,020	0.28	92
Dry Pet Food	3,215,192	2,978,092	0.88	93	0.8	0.6	2,114,446	0.80	336,197	15.9	3,188,996	2,961,502	0.90	93
Dry Cat Food	1,007,915	932,560	0.28	93	2.9	2.5	662,118	0.25	124,478	18.8	979,509	909,815	0.27	93
Dry Dog Food	2,207,278	2,045,532	0.60	93	-0.1	-0.3	1,452,328	0.55	213,492	14.7	2,209,487	2,051,687	0.62	93
Semi-Moist Pet Food	353,610	306,128	0.09	87	-7.5	-7.8	229,411	0.09	42,900	18.7	382,257	332,127	0.10	87
Semi-Moist Cat Food	192,128	172,129	0.05	90	-6.1	-6.4	122,212	0.05	21,998	18.0	204,609	183,898	0.05	90
Semi-Moist Dog Food	161,482	133,999	0.04	83	-9.1	-9.6	107,199	0.04	20,153	18.8	177,648	148,229	0.04	83
Pet Snacks	448,980	422,346	0.12	94	5.0	4.0	299,844	0.11	66,865	22.3	427,600	406,102	0.12	95
Cat Litter	505,915	376,152	0.11	74	6.1	5.3	293,399	0.11	75,110	25.6	476,828	357,219	0.11	75
TOBACCO PRODUCTS	**32,595,922**	**15,779,612**	**4.66**	**48**	**2.7**	**5.6**	**11,881,245**	**4.48**	**1,682,022**	**14.2**	**31,729,582**	**14,943,321**	**4.53**	**47**
Cigarettes	30,904,073	15,206,206	4.49	49	3.0	5.9	11,708,779	4.42	1,650,938	14.1	30,008,800	14,361,631	4.35	48
Filter-Tipped Cigarettes	29,608,473	14,555,205	4.30	49	3.4	6.5					28,634,887	13,666,859	4.14	48
Other Cigarettes	1,295,600	651,001	0.19	50	-5.7	-6.3					1,373,913	694,772	0.21	50
Cigars	611,850	70,589	0.02	12	-2.0	-2.3	36,706	0.01	7,598	20.7	624,337	72,251	0.02	11
Other Tobacco Products[31]	1,079,998	502,816	0.15	47	-1.5	-1.3	135,760	0.05	23,486	17.3	1,096,445	509,439	0.15	46
TOTAL DRY GROCERY (Nonfood)	**71,710,070**	**46,353,684**	**13.68**	**65**	**3.2**	**3.6**	**34,511,324**	**13.03**	**6,029,948**	**17.5**	**69,454,889**	**44,732,883**	**13.56**	**64**

HEALTH AND BEAUTY AIDS

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
DIETING AIDS	621,495	386,254	0.11	62	12.0	25.4	262,653	0.10	61,461	23.4	555,129	308,023	0.09	55
Diet Supplements	153,990	103,944	0.03	67	6.3	6.6					144,864	97,508	0.03	67
Metered Calorie Meals[32]	285,462	234,467	0.07	82	49.3	54.3					191,200	151,955	0.04	79
Reducing Preparations	182,043	47,844	0.01	26	-16.9	-18.3					219,065	58,560	0.02	27
COSMETICS	5,676,728	716,000	0.21	13	3.2	1.6	533,448	0.20	168,457	31.6	5,498,438	704,413	0.21	13
Eye Makeup Products	2,926,402	600,519	0.18	21	0.9	0.8	444,384	0.17	139,981	31.5	2,898,986	596,041	0.18	20
Eye Shadow	1,092,589	238,635	0.07	22	1.3	1.4					1,078 568	235,340	0.07	22
Eyeliner	298,273	58,705	0.02	20	0.7	-1.2					296,200	59,418	0.02	20
Mascara	1,299,300	256,817	0.08	20	1.2	1.1					1,283,893	254,023	0.08	20
Other Eye Prep. & Accessories[33]	236,239	46,362	0.01	20	-1.7	-1.9					240,325	47,260	0.01	20
Lipstick (& Gloss)	1,685,547	60,280	0.02	4	5.9	7.0	47,018	0.02	14,623	31.1	1,591,640	56,336	0.02	3
Makeup Bases	865,873	45,859	0.01	5	5.5	6.0	34,853	0.01	11,501	33.0	820,518	43,281	0.01	5
Cake	80,056	4,031	0.00	5	4.1	3.4					76,903	3,898	0.00	5
Cream	241,798	11,589	0.00	5	6.3	6.5					227,468	10,882	0.00	5
Lotion	544,019	30,240	0.01	6	5.4	6.1					516,147	28,501	0.01	5
Pressed Cake Powder & Blush	198,906	9,342	0.00	5	6.2	6.7	7,193	0.00	2,352	32.7	187,294	8,755	0.00	4
FAMILY PLANNING	702,898	102,853	0.03	15	9.1	15.8	92,948	0.04	40,550	43.6	644,326	88,822	0.02	14
Condoms	267,515	48,854	0.01	18	10.4	15.7	41,526	0.02	21,635	52.1	242,314	42,225	0.01	17
Female Contraceptives[34]	60,853	10,410	0.00	17	-1.1	7.1	9,577	0.00	3,390	35.4	61,530	9,720	0.00	16
Home Pregnancy Tests	374,530	43,589	0.01	12	10.0	18.2	41,845	0.02	15,524	37.1	340,482	36,877	0.01	11
FEMININE HYGIENE PRODUCTS	1,898,447	1,103,369	0.33	58	4.5	4.1	992,439	0.37	221,815	22.4	1,816,636	1,059,600	0.32	58
Douches	71,678	29,782	0.01	42	2.8	3.4	27,995	0.01	7,811	27.9	69,697	28,810	0.01	41
Liquid Douches	40,916	16,144	0.00	39	2.8	3.1					39,802	15,659	0.00	39
Powder Douches	30,762	13,638	0.00	44	2.9	3.7					29,895	13,151	0.00	44
Sanitary Napkins	1,168,137	700,860	0.21	60	3.3	3.5	658,808	0.25	166,020	25.2	1,130,820	677,159	0.20	60
Tampons	658,631	372,727	0.11	57	6.9	5.4	305,636	0.12	47,985	15.7	616,119	353,631	0.11	57
HAIR PRODUCTS	4,781,478	1,828,714	0.54	38	3.0	1.1	1,676,416	0.63	510,335	30.4	4,641,352	1,808,569	0.55	39
Coloring Preparations	880,363	106,737	0.03	12	6.0	0.0	96,083	0.04	27,282	28.4	811,663	106,737	0.03	13
Cream Rinses	172,528	94,044	0.03	55	2.1	0.1	93,644	0.04	22,943	24.5	168,979	93,950	0.03	55
Dandruff Rinses	18,599	6,649	0.00	36	3.1	1.3					18,040	6,564	0.00	36
Men's Hair Dressings	123,843	62,517	0.02	50	-3.9	-3.6	57,516	0.02	17,715	30.8	128,877	64,865	0.02	50
Men's Hair Spray	38,742	16,769	0.00	43	-3.7	-3.4					40,231	17,359	0.00	43
Other Men's Hair Dressings	85,100	45,748	0.01	54	-4.0	-3.7					88,646	47,506	0.01	53
Shampoos	1,457,093	901,113	0.27	62	4.1	2.6	838,036	0.32	231,298	27.6	1,400,324	878,044	0.26	63
Baby Shampoo	104,084	78,400	0.02	75	6.3	1.5					97,915	77,241	0.02	79

[31] Includes pipe and cigarette tobacco, smokeless products and snuff. Excludes smoking accessories.

[32] Does not include frozen foods.

[33] Includes false eyelashes, adhesives, brushes, tweezers, etc.

[34] Includes sponges and all other non-Rx contraceptives.

HEALTH AND BEAUTY AIDS

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Color Shampoo	9,027	2,212	0.00	24	1.2	0.8					8,920	2,194	0.00	24
Medicated Shampoo	400,039	223,441	0.07	56	6.1	7.1					377,040	208,628	0.06	55
Other Shampoo	943,942	597,061	0.18	63	3.0	1.2					916,449	589,981	0.18	64
Hair Accessories	1,046,349	222,811	0.07	21	4.6	2.8	198,302	0.07	99,349	50.1	1,000,339	216,651	0.06	21
Barrettes	95,047	14,615	0.00	15	-10.0	5.0					105,608	13,919	0.00	13
Bobby Pins	45,149	11,367	0.00	25	15.2	10.8					39,192	10,259	0.00	26
Combs[35]	238,428	25,631	0.01	11	15.3	5.2					206,789	24,364	0.01	12
Curlers & Rollers	137,307	27,275	0.01	20	-10.0	-10.0					152,563	30,306	0.01	20
Hair Brushes	370,761	119,114	0.04	32	5.3	3.5					352,100	115,086	0.03	32
Hair Nets	42,752	4,582	0.00	11	20.1	15.0					35,597	3,984	0.00	11
Pin Curl Clips	32,522	10,654	0.00	33	14.7	10.3					28,354	9,659	0.00	34
Pony Tailers	84,383	9,573	0.00	11	5.3	5.5					80,136	9,074	0.00	11
Home Permanent Kits/Refills	124,107	20,663	0.01	17	-11.9	-16.1	18,390	0.01	5,480	29.8	140,871	24,628	0.01	17
Waveset Preparation	63,941	17,767	0.01	28	17.2	15.1	15,457	0.01	4,513	29.2	54,557	15,436	0.00	28
Women's Hair Conditioners	368,807	160,379	0.05	43	3.8	1.5	139,530	0.05	39,347	28.2	355,305	158,009	0.05	44
Women's Hair Spray	482,622	220,078	0.06	46	-3.0	-3.2	206,873	0.08	58,752	28.4	497,548	227,353	0.07	45
Other Hair Dressings	63,228	15,956	0.00	25	-2.5	-2.3	12,605	0.00	3,655	29.0	64,849	16,332	0.00	25
HEALTH AIDS	1,237,512	566,203	0.17	46	2.8	2.2	468,443	0.18	134,846	28.8	1,204,223	553,853	0.17	46
Baby Oils & Lotions	109,566	88,571	0.03	81	1.5	1.6	72,628	0.03	19,319	26.6	107,947	87,176	0.03	81
Baby Pants	61,572	8,274	0.00	13	0.3	0.1	6,785	0.00	2,633	38.8	61,388	8,266	0.00	13
Baby Powder	104,673	49,548	0.01	47	3.1	2.9	40,629	0.02	8,938	22.0	101,526	48,152	0.01	47
Cotton Swabs	100,278	62,241	0.02	62	0.4	0.8	51,038	0.02	14,852	29.1	99,878	61,747	0.02	62
Diaper Rash Products	48,694	28,736	0.01	59	7.8	9.3	23,564	0.01	6,292	26.7	45,171	26,291	0.01	58
Fever Thermometers	42,816	15,615	0.00	36	5.1	3.6	12,804	0.00	4,315	33.7	40,738	15,072	0.00	37
First Aid Products	587,257	263,892	0.08	45	0.4	0.5	216,391	0.08	62,970	29.1	584,959	262,512	0.08	45
Adhesive Bandages	229,534	119,841	0.04	52	0.7	0.8					227,938	118,890	0.03	52
Adhesive Tapes	79,548	47,326	0.01	59	1.2	1.3					78,605	46,719	0.01	59
Cotton Balls	86,868	31,764	0.01	37	-3.0	-3.2					89,555	32,814	0.01	36
First Aid Kits	44,056	23,744	0.01	54	1.1	1.3					43,577	23,439	0.01	54
Gauze Bandages	53,310	13,191	0.00	25	2.1	2.2					52,214	12,907	0.00	25
Gauze Dressings	58,486	12,913	0.00	22	1.2	1.4					57,792	12,735	0.00	22
Other First Aid Cotton	35,454	15,113	0.00	43	0.5	0.7					35,278	15,008	0.00	42
Nipples & Pacifiers	60,766	21,440	0.01	35	13.3	12.2	21,226	0.01	7,472	35.2	53,633	19,109	0.00	35
Nursing Bottles	61,624	8,920	0.00	14	11.4	10.6	8,206	0.00	2,806	34.2	55,318	8,065	0.00	14
Disposable Bottle Liners	60,266	18,965	0.01	31	12.3	8.6	15,172	0.01	5,250	34.6	53,665	17,463	0.00	32
NAIL CARE PRODUCTS[36]	644,274	122,552	0.04	19	2.4	2.6	96,816	0.04	32,724	33.8	629,470	119,478	0.03	19
Manicure Implements	211,577	60,788	0.02	29	4.9	8.3					201,694	56,129	0.02	28
Nail Polish & Enamel	376,717	49,415	0.01	13	1.7	-2.3					370,420	50,578	0.01	13
Nail Polish Remover	55,979	12,350	0.00	22	-2.4	-3.3					57,356	12,771	0.00	22
ORAL HYGIENE PRODUCTS	2,889,398	1,575,061	0.46	55	2.2	2.3	1,265,059	0.48	215,299	17.0	2,826,131	1,540,262	0.47	54
Denture Products	329,767	137,137	0.04	42	2.4	2.5	11,166	0.00	2,680	24.0	321,895	133,770	0.04	41
Denture Adhesives	149,787	57,571	0.02	38	2.5	3.1					146,134	55,840	0.02	38
Denture Cleaners	179,979	79,566	0.02	44	2.4	2.1					175,761	77,929	0.02	44
Mouthwash & Gargles	711,083	391,619	0.12	55	-1.2	-0.8	340,709	0.13	54,854	16.1	719,699	394,777	0.12	55
Breath Fresheners[37]	28,442	13,719	0.00	48	15.6	14.9	11,250	0.00	3,566	31.7	24,604	11,940	0.00	48
Toothbrushes	450,698	159,905	0.05	35	5.5	6.1	131,122	0.05	40,517	30.9	427,202	150,712	0.04	35
Toothpaste & Powder	1,272,668	835,967	0.25	66	2.1	2.6	744,011	0.28	103,418	13.9	1,246,492	814,783	0.25	65
Dental Floss	96,760	36,714	0.01	38	12.2	7.1	26,801	0.01	10,265	38.3	86,239	34,280	0.01	40
PACKAGED MEDICATIONS	9,197,583	3,306,225	0.98	36	3.3	4.4	2,730,272	1.03	829,907	30.4	8,899,583	3,165,791	0.96	35
Acne Preparations	224,022	42,838	0.01	19	0.7	0.9	35,556	0.01	10,133	28.5	222,465	42,456	0.01	19
Aerosol Antiseptics	98,270	19,138	0.01	19	7.0	7.2					91,841	17,853	0.00	19
Athlete's Foot Medications	150,470	38,219	0.01	25	12.0	12.3					134,348	34,033	0.01	25
Burn Remedies	58,389	16,274	0.00	28	2.8	2.5	94,927	0.04	31,516	33.2	56,799	15,877	0.00	28
External Antiseptics	34,356	6,993	0.00	20	7.5	7.3					31,959	6,517	0.00	20
Foot Salves, Ointments	79,235	18,786	0.01	24	2.3	2.6					77,454	18,310	0.00	23
Poison Ivy Remedies	79,086	19,249	0.01	24	14.8	15.4					68,890	16,680	0.00	24
Antacids	955,659	443,349	0.13	46	6.0	6.8	385,714	0.15	89,100	23.1	901,723	415,221	0.12	46
Effervescent Antacids	110,466	64,836	0.02	59	8.3	7.2					102,000	60,481	0.02	59
Liquid Antacids	405,264	170,313	0.05	42	4.9	6.2					386,334	160,370	0.05	41
Powder Antacids	6,070	2,725	0.00	45	1.0	1.1					6,010	2,695	0.00	45
Tablets, Pills, Gum, Lozenges	433,859	205,476	0.06	47	6.5	7.2					407,379	191,675	0.06	47
Cold Capsules, Tablets	868,713	472,864	0.14	54	4.4	3.4	367,748	0.15	80,652	20.8	832,101	457,315	0.14	55
Cough Medications	1,372,594	272,402	0.08	20	-2.2	-2.9	190,681	0.07	46,145	24.2	1,403,772	280,474	0.08	20
Cough Drops, Lozenges, Troches	436,908	96,379	0.03	22	4.6	2.3					417,632	94,240	0.03	22
Cough Drops	263,737	86,011	0.03	33	4.3	2.1					252,864	84,242	0.02	33

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35 Includes comb clips.

36 Excludes products for professional use only.

37 Liquids and sprays only.

HEALTH AND BEAUTY AIDS

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Lozenges,Troches	173,171	10,368	0.00	6	5.1	3.7					164,768	8,998	0.00	6
Salves,Ointments[38]	60,419	22,144	0.01	37	2.6	2.8					58,888	21,541	0.00	36
Syrup, Elix, Expectorants	579,978	129,247	0.04	22	-9.3	-8.4					639,447	141,099	0.04	22
Other Cough/Cold Remedies[39]	296,288	24,632	0.01	8	2.6	4.4					287,805	23,594	0.01	8
Nasal Sprays & Drops	193,126	23,717	0.01	12	-0.7	-0.9	20,397	0.01	5,732	28.1	194,487	23,932	0.01	12
Analgesics	2,812,422	1,235,981	0.36	44	3.3	3.7	1,024,478	0.39	211,042	20.6	2,722,638	1,192,003	0.36	44
Internal Analgesics	2,468,978	1,126,254	0.33	46	3.2	3.5	923,528	0.35	191,170	20.7	2,392,340	1,087,966	0.33	45
Arthritic	107,437	35,098	0.01	33	4.7	5.2					102,614	33,363	0.01	32
Extra Strength	1,151,327	563,559	0.17	49	3.2	3.1					1,115,627	546,614	0.16	49
Menstrual Pain	65,773	31,008	0.01	47	0.0	0.3					65,773	30,915	0.01	47
Pediatric	108,900	45,941	0.01	42	3.8	3.9					104,913	44,217	0.01	42
Regular Strength	762,084	332,180	0.10	44	1.3	1.5					752,304	327,271	0.10	43
Sinus	273,458	118,467	0.03	43	8.9	12.2					251,109	105,586	0.03	42
External Analgesics	343,443	109,728	0.03	32	4.0	5.5	100,950	0.04	25,036	24.8	330,298	104,037	0.03	42
Mouth Analgesics[40]	201,533	66,790	0.02	33	5.8	7.9					190,485	61,900	0.02	32
Other External Analgesics	141,910	42,938	0.01	30	1.5	1.9					139,813	42,137	0.01	30
Diarrhea Remedies	238,817	133,730	0.04	56	26.3	28.8	121,694	0.05	27,138	22.3	189,087	103,828	0.03	55
Hemorrhoidal Medications	230,071	69,996	0.02	30	1.8	3.1	63,696	0.02	13,567	21.3	225,968	67,905	0.02	30
Hemorrhoidal Suppositories	133,337	42,044	0.01	32	1.9	3.2					130,851	40,740	0.01	31
Hemorrhoidal Ointment	96,734	27,953	0.01	29	1.7	2.9					95,117	27,165	0.01	28
Laxatives	709,403	171,379	0.05	24	3.1	3.5	143,958	0.06	30,231	21.0	688,073	165,584	0.05	24
Eye Lotions, Washes	158,431	78,338	0.02	49	0.6	-0.1	65,021	0.02	13,654	21.0	157,486	78,416	0.02	50
Contact Lens Care Products[41]	843,519	202,400	0.06	24	2.9	4.8	163,944	0.06	45,249	27.6	819,746	193,130	0.06	23
Sleeping Aids (Non-Rx)	91,001	40,572	0.01	45	12.7	11.9	32,458	0.01	9,543	29.4	80,746	36,257	0.01	45
PERSONAL CLEANLINESS PRODUCTS	209,668	48,638	0.01	23	0.6	0.9	44,164	0.02	11,871	26.9	208,472	48,188	0.01	23
Bath Salts,Tablets,Oils, Bubble Bath	134,936	39,038	0.01	29	6.1	3.3	35,525	0.01	9,521	26.8	127,153	37,799	0.01	30
Bubble Bath	78,632	28,855	0.01	37	5.5	3.2					74,533	27,960	0.01	37
Other Salts,Oils,Tablets	56,303	10,183	0.00	18	7.0	3.5					52,620	9,839	0.00	18
Talcum & Body Powder	74,732	9,599	0.00	13	-8.1	-7.6	8,639	0.00	2,350	27.2	81,319	10,389	0.00	13
PERSONAL DEODORANTS	1,290,372	714,857	0.21	55	0.8	0.8	636,223	0.24	141,242	22.2	1,279,623	708,835	0.21	55
Stick Deodorants	573,218	344,839	0.10	60	0.3	0.2					571,503	344,151	0.10	60
Roll-On Deodorants	334,288	152,581	0.05	46	-0.1	0.5					334,623	151,822	0.04	45
Feminine Sprays	9,223	4,362	0.00	47	7.1	4.6					8,612	4,170	0.00	48
Other Aerosols	373,642	213,075	0.06	57	2.4	2.1					364,885	208,692	0.06	57
SHAVING PRODUCTS	2,083,493	695,143	0.21	33	5.0	5.0	551,320	0.21	170,122	30.9	1,983,475	662,060	0.20	33
After-Shave Lotion	354,018	112,916	0.03	32	3.2	1.3	90,333	0.03	28,997	32.1	343,041	111,467	0.03	32
Depilatories	28,096	9,921	0.00	35	-3.6	-4.2	7,937	0.00	2,603	32.8	29,145	10,356	0.00	35
Pre-Shave Products	28,407	12,047	0.00	42	0.1	1.0	9,638	0.00	2,940	30.5	28,379	11,928	0.00	42
Razor Blades	481,569	219,011	0.06	45	8.4	7.6	175,209	0.07	45,905	26.2	444,252	203,542	0.06	37
Razors (Handles)	57,151	19,070	0.01	33	11.7	10.1	14,493	0.01	5,275	36.4	51,165	17,321	0.00	34
Disposable Razors	333,706	184,837	0.05	55	10.4	9.3	144,173	0.05	52,767	36.6	302,270	169,110	0.05	56
Shaving Cream	245,321	102,680	0.03	42	-2.4	-2.6	81,117	0.03	21,090	26.0	251,353	105,421	0.03	42
Men's Cologne	555,225	34,659	0.01	6	4.0	5.3	28,420	0.01	10,544	37.1	533,870	32,915	0.01	6
SKIN CARE PRODUCTS	2,323,917	557,565	0.16	24	6.5	3.4	442,281	0.17	116,015	26.2	2,181,910	539,210	0.16	25
Face Cream	840,944	164,631	0.05	20	4.0	1.0	337,482	0.13	86,395	25.6	808,600	163,001	0.05	20
Face Lotions & Astringents	140,041	15,160	0.00	11	2.5	0.5					136,625	15,085	0.00	11
Hand & Body Lotions	585,512	222,800	0.07	38	3.5	1.0					*565,712	*220,594	0.06	39
Hand Creams	38,884	8,972	0.00	23	5.5	1.5					36,857	8,839	0.00	24
Lip Protectors	39,270	12,158	0.00	31	-3.6	-2.8	9,119	0.00	3,192	35.0	40,737	12,508	0.00	31
Liquid Face Cleansers	122,889	33,585	0.01	27	1.5	0.5	20,486	0.01	5,900	28.8	121,073	33,418	0.01	27
Suntan/Sunscreen Products	556,376	100,259	0.03	18	17.8	16.9	75,194	0.03	20,528	27.3	472,306	85,765	0.02	18
VITAMINS & TONICS	1,640,166	635,301	0.19	39	0.3	0.6	520,947	0.20	182,852	35.1	1,635,260	631,512	0.19	38
OTHER HEALTH & BEAUTY AIDS[42]	2,603,824	1,214,919	0.36	47	2.7	2.9	668,205	0.25	172,397	25.8	2,535,369	1,180,679	0.36	46
TOTAL HEALTH & BEAUTY AIDS (Non-Rx)	37,801,253	13,573,651	4.01	36	3.5	3.5	10,981,634	4.15	3,009,892	27.4	36,539,397	13,119,295	3.98	34
PRESCRIPTIONS[43]	27,255,571	3,000,790	0.89	11	5.6	11.4	3,000,790	1.13	–	–	25,810,200	2,693,707	0.82	10
TOTAL HBA & PRESCRIPTIONS	65,056,824	16,574,441	4.89	25	4.3	4.8	13,982,424	5.28	–	–	62,349,597	15,813,002	4.79	25

38 Excludes analgesics.

39 Includes antihistamines, room decongestants, inhaler tubes and other inhalers.

40 Includes liquids and salves for use on lips and gums for blisters, teething and tooth pain, and canker sores.

41 Includes solutions, cleaning kits, tablets and cases.

42 Includes vaporizers, humidifiers and other health aid appliances, convalescent aids, home diagnostic tests, women's fragrances etc.

43 Excludes sales through hospitals.

—Not applicable.

GENERAL MERCHANDISE

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
AUDIO & VIDEO	10,787,290	1,068,637	0.32	10	4.6	7.9	651,869	0.25	244,451	37.5	10,314,847	990,221	0.30	9
Records, Tapes, Compact Disks[44]	3,618,577	271,228	0.08	7	7.8	1.9					3,356,750	266,171	0.08	8
Blank Audio Cassettes	524,400	14,912	0.00	3	6.1	5.2					494,251	14,175	0.00	3
Blank Video Cassettes	1,641,268	123,958	0.04	8	-1.0	7.8					1,657,846	114,989	0.03	7
Video Cassette Rentals[45]	5,003,046	658,539	0.19	13	4.1	10.7					4,806,000	594,886	0.18	12
AUTO SUPPLIES	2,374,556	707,088	0.21	30	6.2	3.9	622,237	0.23	128,181	20.6	2,235,066	680,579	0.21	30
Antifreeze	653,564	177,972	0.05	27	6.9	4.6					611,379	170,145	0.06	28
Automobile Polish	139,118	65,880	0.02	47	-1.9	-3.2					141,812	68,058	0.03	43
Automotive Additives	186,060	62,293	0.02	33	2.1	1.7					182,261	61,252	0.02	34
Motor Oil	1,395,785	400,942	0.12	29	7.4	5.2					1,299,614	381,124	0.12	29
ELECTRICAL APPLIANCES[46]	ND	241,953	0.07	NC	-	-7.3	225,016	0.08	69,080	30.7	ND	261,007	0.08	-
FLASHLIGHTS & BATTERIES	3,447,567	594,136	0.18	17	1.4	-2.1	528,781	0.20	211,512	40.0	3,400,141	606,734	0.18	18
Batteries	3,047,833	554,905	0.16	18	1.5	-2.3					3,002,791	567,968	0.17	19
Flashlights	399,734	39,231	0.01	10	0.6	1.2					397,350	38,766	0.01	10
GREETING CARDS	4,941,544	663,765	0.20	13	6.0	9.0	643,852	0.24	319,351	49.6	4,661,834	608,959	0.18	13
HARDWARE[47]	ND	273,862	0.08	NC	-	5.2	265,646	0.10	94,836	35.7	ND	260,325	0.08	-
HOUSEWARES	5,512,918	1,330,609	0.39	NC	3.1	5.4	1,985,006	0.75	853,553	43.0	5,347,016	1,262,838	0.39	NC
Bakeware	1,713,274	153,191	0.05	9	2.2	2.9					1,676,393	148,874	0.04	9
Barbecue Grills	694,700	4,694	0.00	1	2.7	4.6					676,436	4,488	0.00	6
Beverageware	477,227	73,866	0.02	15	-1.7	-0.9					485,480	74,537	0.02	15
Cutlery	751,071	70,467	0.02	9	11.6	9.1					673,003	64,589	0.02	9
Food Preparation Glassware	545,608	71,563	0.02	13	1.6	0.8					537,016	70,995	0.02	13
Kitchen Towels	102,600	14,250	0.00	14	-24.0	-5.0					135,000	15,000	0.00	34
Kitchen Utensils/Gadgets	ND	239,492	0.07	NC	-	8.1					ND	221,547	0.07	-
Microwave Cookware	ND	69,224	0.02	NC	-	-6.7					ND	74,195	0.02	-
Ornamental & Novelty Glassware	181,780	7,688	0.00	4	4.0	3.6					174,788	7,421	0.00	4
Plastic & Rubberware	ND	503,814	0.15	NC	-	8.3					ND	465,202	0.14	-
Pots & Pans	845,546	82,060	0.02	10	3.2	1.8					819,328	80,609	0.02	10
Tableware	201,112	40,299	0.01	20	18.6	13.9					169,572	35,381	0.01	21
OTHER HOUSEWARES[48]	ND	715,789	0.21	NC	-	7.3					ND	667,091	0.20	-
PERIODICALS	11,910,580	2,095,835	0.62	18	2.6	3.9	1,697,626	0.64	526,264	31.0	11,610,011	2,018,068	0.61	17
Children's Story Books	576,544	150,421	0.04	26	6.9	11.4					539,330	135,028	0.04	25
Coloring Books	240,357	32,903	0.01	14	2.3	4.1					234,953	31,607	0.01	13
Comics	144,348	42,410	0.01	29	5.7	3.5					136,564	40,976	0.01	30
Magazines[49]	2,913,063	1,643,852	0.49	56	3.5	3.7					2,814,554	1,585,200	0.48	56
Newspapers[50]	6,149,402	75,416	0.02	1	1.9	2.8					6,034,742	73,362	0.02	1
Paperback Books	1,886,865	150,832	0.04	8	2.0	-0.7					1,849,868	151,895	0.04	8
OTHER MERCHANDISE	5,067,641	618,648	0.18	NC	5.6	5.6	475,461	0.18	210,894	44.4	4,799,127	585,857	0.18	NC
Disposable Cigarette Lighters	345,844	145,710	0.04	42	3.1	3.2	118,025	0.04	50,397	42.7	335,445	141,192	0.04	42
Garden Seed Packets	112,682	60,777	0.02	54	1.5	1.7	54,699	0.02	26,310	48.1	111,017	59,761	0.02	54
Playing Cards	244,357	39,148	0.01	16	5.8	10.9	22,706	0.01	8,878	39.1	230,961	35,300	0.01	15
Road Salt & Ice Pellets	ND	22,408	0.01	NC	-	0.1	18,150	0.01	7,206	39.7	ND	22,386	0.01	-
Sewing Notions	1,787,732	69,940	0.02	4	6.0	6.1	58,050	0.02	26,181	45.1	1,686,540	65,919	0.02	4
Shoe Laces	79,460	40,988	0.01	52	7.3	6.9	16,805	0.01	5,092	30.3	74,054	38,342	0.01	52
Sunglasses	1,955,078	157,222	0.05	8	5.9	7.2	121,061	0.05	62,952	52.0	1,846,155	146,662	0.04	8
Vacuum Bottles & Jugs	542,488	82,456	0.02	15	5.4	8.1	65,965	0.02	23,879	36.2	514,955	76,295	0.02	15
Picnic Jugs	164,460	28,323	0.01	17	10.0	10.3					149,509	25,678	0.01	17
Vacuum Bottles	302,635	37,170	0.01	12	2.3	2.7					295,831	36,193	0.01	12
Lunch Boxes	75,393	16,963	0.01	22	8.3	17.6					69,615	14,424	0.00	21
PET ACCESSORIES[51]	1,808,867	476,784	0.14	26	7.9	7.3	462,460	0.17	177,592	38.4	1,676,609	444,548	0.13	26
Cage Bird Food	52,174	27,998	0.01	54	9.9	10.8					47,474	25,269	0.01	53
Pet Grooming Aids	77,217	15,576	0.00	20	7.8	5.9					71,630	14,708	0.00	20
Feeding Bowls	14,354	3,782	0.00	26	5.6	6.3					13,593	3,558	0.00	26
Flea Collars	227,191	163,290	0.05	72	6.3	6.9					213,726	152,750	0.05	71
Other Pet Accessories	1,437,931	266,138	0.08	19	8.1	7.2					1,330,186	248,263	0.07	18
PHOTO SUPPLIES & PROCESSING	9,833,102	1,443,146	0.43	15	5.3	5.9	1,327,694	0.50	318,647	24.0	9,337,241	1,362,526	0.41	14
Film	3,077,764	886,431	0.26	29	2.3	3.8					3,008,567	853,980	0.26	28

[44] Includes LPs, EPs, 45s, cassettes, 8-track and disc.

[45] Does not include sales of pre-recorded video cassettes, or rentals of video cassette equipment.

[46] Includes all electrical appliances other than health aid appliances. Also includes portable radios, tape players and personal stereos.

[47] Includes non-electric tools, fasteners, paint supplies (not paint), and wiring devices.

[48] Includes bar accessories, plastic items, potholders, oven mitts, etc.

[49] Does not include subscription sales.

[50] Includes sales from all outlets, including subscriptions and home delivery.

[51] Excluded dog and cat foods, and cat litter, which are listed under Dry Grocery Nonfood. Includes all other pet accessories not listed.

ND—Not determined.

—Not available.

**Represents a revision of the 1989 figures previously published.

NC—Not comparable.

GENERAL MERCHANDISE

CONTINUED

1990 (add 000 to all dollar figures)	Total Sales: Value[1] of Total Retail Sales (all outlets)	Grocery Store Performance: Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[2] from '89 to '90: Total[1]	% Change[2] from '89 to '90: Grocery[2]	Supermarket Performance: Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	1989 Performance: Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Processing	5,159,292	450,327	0.13	9	7.9	10.8					4,781,550	406,432	0.12	8
Flash Bulbs & Cubes	60,710	16,098	0.00	27	-6.8	-10.4					65,139	17,967	0.00	27
Still Cameras[52]	1,535,336	90,290	0.03	6	3.6	7.3					1,481,985	84,147	0.02	5
STATIONERY	865,129	170,438	0.05	20	8.8	8.3	144,872	0.05	49,401	34.1	795,516	157,383	0.05	20
Looseleaf Fillers	234,067	23,959	0.01	10	6.3	7.1					220,195	22,371	0.01	10
Notebooks	152,826	24,389	0.01	16	10.8	11.2					137,930	21,933	0.01	16
Packaged Paper & Envelopes	115,029	33,482	0.01	29	7.3	7.1					107,203	31,262	0.01	29
Writing Tablets, Pads	363,207	88,608	0.03	24	10.0	8.3					330,188	81,817	0.02	25
TOYS	14,268,656	309,637	0.09	2	2.0	4.0	247,710	0.09	96,111	38.8	13,988,878	297,728	0.09	2
UNDERWEAR & HOSIERY	6,186,143	1,070,124	0.32	NC	0.2	0.0	806,940	0.30	324,223	40.2	6,174,482	1,069,665	0.32	NC
Men's & Boy's Underwear	ND	144,894	0.04	NC	–	8.6	113,017	0.04	38,678	34.4	ND	133,420	0.04	–
Men's Hosiery	2,106,254	76,217	0.02	4	4.5	3.8	57,163	0.02	23,608	41.3	2,015,554	73,427	0.02	3
Panty Hose/Stockings	4,079,889	849,013	0.25	21	-1.9	-1.6	636,760	0.24	224,776	35.3	4,158,908	862,818	0.27	21
WRITING IMPLEMENTS	1,076,553	123,995	0.04	12	6.8	7.0	89,276	0.03	36,980	41.4	1,007,823	115,870	0.03	11
Ball & Fountain Pens	427,948	55,644	0.02	13	4.1	4.2					411,093	53,401	0.01	13
Ballpoint Refills	57,373	5,000	0.00	9	-0.1	0.0					57,430	5,000	0.00	9
Broad Tip Markers	116,870	8,979	0.00	8	4.2	5.5					112,159	8,511	0.00	7
Fine Line Porous Pens	330,643	41,693	0.01	13	13.3	12.5					291,830	37,060	0.01	13
Mechanical Pencils	54,841	8,495	0.00	15	6.4	6.7					51,542	7,962	0.00	15
Wooden Pencils	88,879	4,184	0.00	5	6.1	6.3					83,769	3,936	0.00	5
GENERAL MERCHANDISE NCE[53]	ND	1,269,514	0.37	NC	–	NC	1,256,819	0.47	390,871	31.1	ND	1,239,760	0.37	–
TOTAL GENERAL MERCHANDISE	ND	13,173,960	3.89	NC	–	4.3	11,431,285	4.31	4,051,926	41.4	ND	12,629,159	3.73	–
TOTAL FOODS, NONFOOD+	ND	333,068,070	98.29	NC	–	4.7	261,087,723	98.55	65,299,750	25.0	ND	318,075,846	96.38	–
SALES NCE[54]	ND	5,919,432	1.75	NC	–	NC	3,847,631	1.45	715,659	18.6	ND	11,612,154	3.62	–
GRAND TOTAL	ND	338,857,000	100.00	NC	–	1.1	264,935,354	100.00	66,015,409	24.9	ND	329,688,000	100.00	–

[52] Includes disc, cartridge, and 35mm still cameras.

[53] Includes clothing not listed, clocks, watches, scales, garbage cans (metal and rubber), automotive supplies not listed, snow shovels, garden tools and supplies, lawn furniture, etc.

[54] Includes sales of items not listed above from all store departments.

+ Margin based on total excluding prescriptions.
ND—Not determined.
NC—Not comparable.
NCE—Not classified elsewhere.
—Not available.

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DELI

■ Service deli sales have more than doubled over the last five years, rising 119%. Now, the dizzying growth rate is slowing, with last year's 10.4% rise well behind 1989's figure of 16.5% and 1988's 20.7%.

But that's to be expected, as growth by *adding* new departments evolves to growth *by* those departments.

"The last few years have been foundation years," consultant Howard Solganik observed at the recent FMI Show in Chicago earlier this year. "For the next few years, we'll be polishing the act, refining it, taking what we have and trying to get more out of what's already there."

"The deli is still the star because of its profit margins," says Greg Ruf, marketing vice president for Swift-Eckrich Inc. (Downers Grove, Ill). "Delis' growth has slowed down somewhat because they're not building as many new stores as they once were. And they're getting closer to the saturation point in the number of delis. So from now on, growth will come within the stores."

Almost 70% of all supermarkets now have delis, an increase of 775 units over 1989. Instore deli sales jumped 10.4% to a record $12.76 billion in 1990, according to SUPERMARKET BUSINESS's 1991 Deli Operations Review (February, 1991 issue).

The average instore deli notched weekly sales of $11,700 last year, a gain of $1,100 per week over 1989. Part of that gain, it must be said, reflected higher prices. Weekly deli sales rose for 91% of operators, with an average increase being 9.4%. Another 7% of operators reported no sales change over 1989. Only 2% reported declines.

Deli's share of total store sales dropped slightly in 1990, from 4.5% in 1989 to 4.3%, again reflecting the increase in prices. Last year, deli accounted for 14.6% of store profit. The average deli gross margin was an impressive 43.1%, with the profit on some items rising above 50%.

Curiously, both nonworking men and women buy deli take-out food more frequently than working women, according to the Food Marketing Institute's 1991 "Trends" report. Shoppers from one-person households buy supermarket take-out food with more frequency than shoppers from households with two persons or more. And shoppers aged 65 or older buy take-out

Growth has slowed. But instore delis are still a focus of the supermarket, and the focus of efforts to cater to Americans' growing appetite for convenience ... and, more than ever, fresh, healthy food.

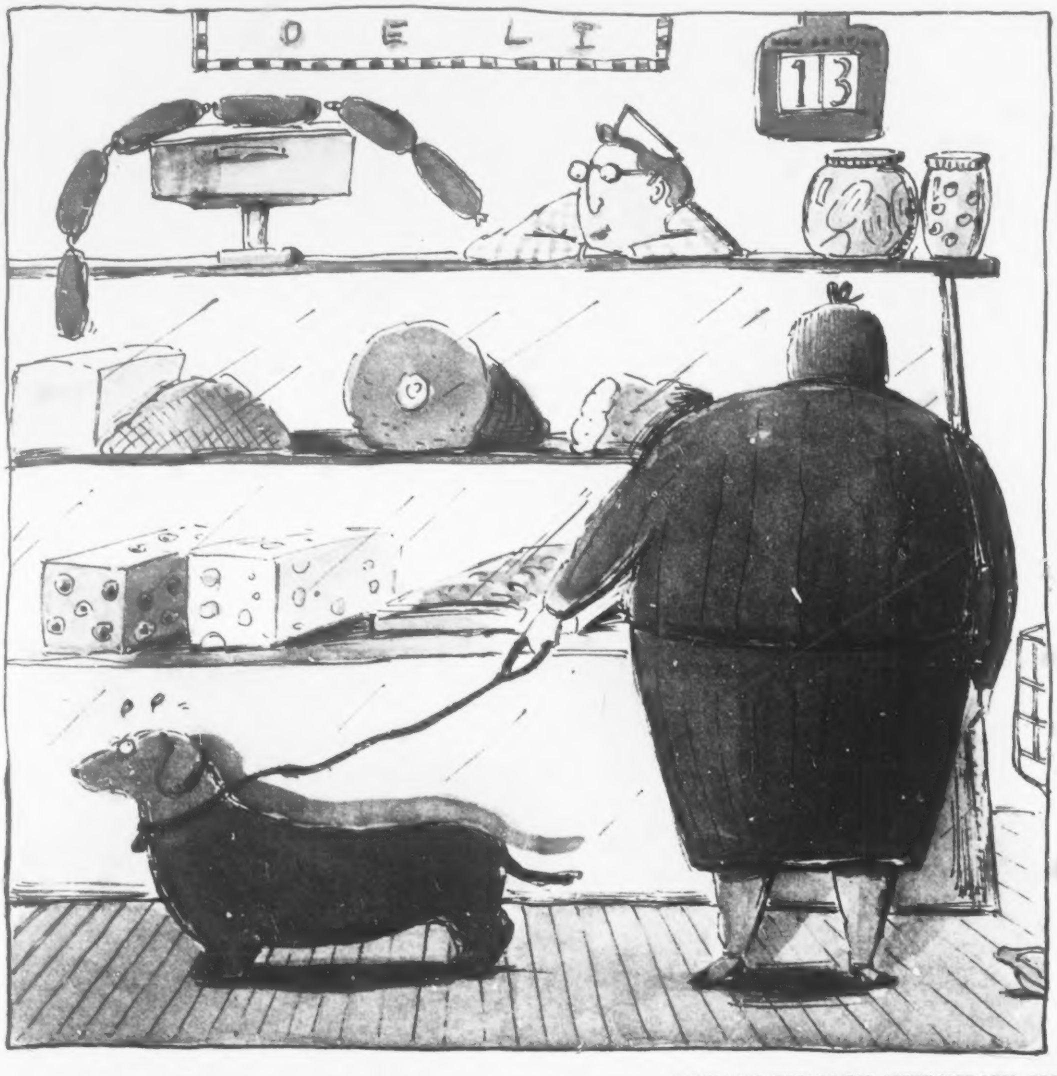

Illustration: Debbie Tilly

food more often than younger shoppers.

In our February "Deli Review," 58% of deli directors surveyed said they expect their operations to move more toward self-service, with only 20% pointing to more full-service. Lou Leo, vice president-deli for Price Chopper Supermarkets, told IDDA that self-service does help reduce labor, and offers a "distinct advantage in helping customers shop the store quickly."

But Alan Green of Blue Ridge Farms (Brooklyn, N.Y.) says that while some self-service is necessary, "it is definitely not a solution because you are removing the human element from the transaction. The deli clerk must suggest items, make recommendations, and develop a reputation in consumers' eyes for being trustworthy. They must sell ideas to the consumer, as well as products."

Key Trends Shaping Delis

Among the continuing trends that suppliers and operators say are shaping the way instore delis do business:

- Instore delis are getting larger. The average deli grew by 60 sq. ft. in 1990, to 1,470 sq. ft., or 3.9% of all store space. Sales per square foot also reached an all-time high last year, at $7.96. In addition, many operators are shifting service delis closer to the front of their stores.
- Healthier deli items—those low in fat, calories, cholesterol, and sodium—are enjoying strong growth. As Joe Salvatore, vice president of deli merchandising for Grand Union, told IDDA in its "What's In Store" report, "We feel the healthy aspect of food is still paramount, and becoming more important in many people's minds. Products such as light salads, pasta salads, and poultry will continue to get stronger."

Blue Ridge Farms (Brooklyn, N.Y.) recently rolled its Light for Life Line of salads. Entree salads include lemon seafood, pasta Florentine, chicken sesame, and turkey. Side salads include mac n' cheddar, potato and macaroni salads, and cole slaw.

- Merchandising is improving, as operators recognize the need for promotion to draw consumers back to the deli.
- Salad bar popularity remains high. According to Norman Frewin, a senior vice president for Randall's Food Markets in Houston, "Offering customers ready-to-go, ready-to-eat food is a part of life. The salad bar is not profitable in all of our stores, but it is hard to determine who shops a store because of the convenience of the salad bar."
- Growth of the hot, ready-to-eat foods department is slowing in some companies, as operators grapple with the challenge of maintaining freshness and eye appeal. But some suppliers stand ready to help, with creative new solutions. Springdale, Ark.-based Tyson Food Service offers deli items such as fried and pulled & diced chicken, and includes recipes and merchandising materials. Its Component Entree program offers operators dishes such as meat loaf, Cornish hens, and oven roasted chickens.
- Ethnic or regional offerings are being used increasingly as a marketing tool to create a niche and lure local shoppers. For example, some new supermarkets now include a complete Chinese carry-out restaurant. And Raley's in northern California and Nevada features two ethnic concepts: a Mexican Kitchen and a Hot Wok department.
- Operators are providing consumers with smaller, single-portion packages in order to cut waste and make take-out more cost-effective and convenient.
- Some operators have developed "signature" menu items, such as Ukrop's Supermarkets' bacon-cheddar potato, Schnuck Markets' chicken pot pie, and Randall's European pizzas, that distinguish their departments from the completion, and build repeat business.
- Operators are making deli service more convenient by opening separate deli registers and increasing self-service products. Some operators, like Ukrop's, even offer separate entrances leading to the service deli.
- Concerns over food safety have been met with stronger programs and increased training by many operators. Vons, for example, recently instituted a food safety program developed by the National Restaurant Association.
- New products are proliferating, as suppliers rush to satisfy shoppers' growing taste for variety. Items like sliced meats (33.6% of deli sales), cheese (15.1%), and salads (12.2%) still make up the lion's share of sales. But big gainers last year were refrigerated entrees and pizza.

Swift-Eckrich, which markets through the Butterball, Peter Eckrich, and Swift Premium brands, recently introduced a complete line of light products that carry across all three. Wrapped in a light-blue package, the products contain less fat and/or sodium.

> **'In deli, for the next few years, we'll be polishing the act, refining it, and trying to get more out of what's already there.'**

More Teamwork Seen

Bob Levine of Manor Hill Foods Inc. (Baltimore, Md.) notes an increased sense of teamwork between supermarket deli operators and suppliers. "Before, this wasn't done so much," he observes. "A supplier would say 'XYZ' and a deli manager would say 'ABC.' Now we can do the whole alphabet, and put together more successful programs."

Over the past year, Manor Hill has been working with supermarket chains to design proprietary entrees, side salads, and pasta salads. "We're trying to put complete packages together," says Levine.

"Deli management is becoming more professional," says Tom Taber, vice president of sales for Stouffer Foodservice Inc. (Solon, Ohio). "Consumers are coming to rely on instore delis as a source, rather than just an impulse buy. They've become more of a destination now."

Among the deli products introduced by Stouffer recently are broccoli au gratin; pasta florentine; sausage, onion & peppers; chicken classica; cheese-stuffed shells; a beef stew called Heartland Medley; peanut chicken; and old-fashioned "stuff'n" with corn bread.

Customers Expecting More

"It's not enough just to carry the basic salads anymore," said Michael St. Clair, deli buyer for Scarborough, Maine-based Hannaford Bros., in the IDDA report. "Consumers are demanding more interesting salads. In the past, customers used to expect potato salad, macaroni salad, and cole slaw. Now, they want more gourmet-type salads."

Brad Barger, deli field merchandiser and buyer for Safeway's Portland, Ore. division, added, "We're seeing a strong interest in restaurant-style salads, the kind consumers would typically find in specialty shops. People are looking for salads that are more upscale."

So perhaps some of the slowdown in growth reflects consumers being more selective in what they buy.

This slowdown in deli growth, coupled with an increase in the number of suppliers trying to jump on the bandwagon, will mean challenging days ahead, one manufacturer observes.

"I think the deli is a star that has maybe lost some of its glitter, and is in for some competitive times," says Mark Hyland, vice president of sales and marketing for Orval Kent Food Co. Inc. (Wheeling, Ill.). "You have a lot of entrepreneurial companies looking to get into the deli, which may create an onslaught of items and competition." Still, more choice can't help but provide more opportunity to offer consumers even better variety, product, and quality.

Recent introductions from Orval Kent include 16 new salads—potato, macaroni, and cole slaw—geared to regional tastes under the "Classics" label. The company has also rolled out a fresh-cut fruit salad line called Chilled Selections, and the Chilled Case Cuisine line of fresh refrigerated entrees. They include lasagna, mostaccioli with meatballs, cheese ravioli, beef and chicken fajitas, sweet & sour chicken, and cheese tortellini marinara.

Says Tony Alfonso of George A. Hormel & Co., recent Hormel product rollouts include 95% fat-free Virginia Style and smoked Honey hams, and a line of case-ready sliced dry sausage meats.

Randy Earle, general manager for Campbell Soup Co. (Camden, N.J.), notes that Campbell has been "not so much concentrating on new

Continued on page 121

bAKERY

■ Any baker worth his batter knows that the finest baked goods—the ones consumers love best—rise slowly and evenly.

That's just what's happening with instore bakeries. Growth has slowed because so many supermarkets now have bakeries. But it is still strong and steady.

The average instore bakery grew 7.2% last year, down from the 8.6% growth in 1989 and down significantly from the 27.8% rate in 1988. Average weekly sales per bakery rose a respectable 4.9% over 1989, to $6,617.

The percentage of weekly supermarket transactions that include a bakery purchase (27.6%) is virtually unchanged from last year, signifying a steady customer base. The size of the average bakery transaction also remained the same, at just over $2. Bakery's average gross margin rose to 56.2%, up from 53.2% in 1989.

The rise in bakery's overall percentage of total store profits—from 5.2% in 1989 to 6.5% last year—also indicates to operators the department's growing importance.

Now in Two-Thirds of Stores

Last year, 464 new bakery operations were opened in supermarkets, according to SUPERMARKET BUSINESS's Ninth Annual Instore Bakery Operations Review (April, 1991 issue). That number represents a 2.3% increase that brought the total to 20,694. In all, 67.3% of supermarkets now have instore bakeries.

And in all those bakeries recently, the hot "new product" of the day seems to be reformulation, with product lines being extended to low-fat, low-calorie, low-cholesterol, and sugar-free items, according to operators we interviewed.

Yet, the same operators who speak of health-conscious shoppers also report sweet goods sales gains. One way some companies are trying to give people both is to offer smaller (and hence lower-calorie) portions of their favorite gooey pastry...because nobody really thinks the bakery department is going to become a health food store any time soon.

"Anyone can read the consumer studies and see that people are interested in healthier foods," says Grand Met's Leavitt. "But it's sort of like conservatism. People are becoming more conservative, but it's a 30- or 40-year trend;

Two-thirds of all supermarkets now have instore bakeries, which means that the heady growth rate due to new unit installations is behind us. Now, observers agree, it's time to concentrate on better, more creative merchandising to drive up average department sales.

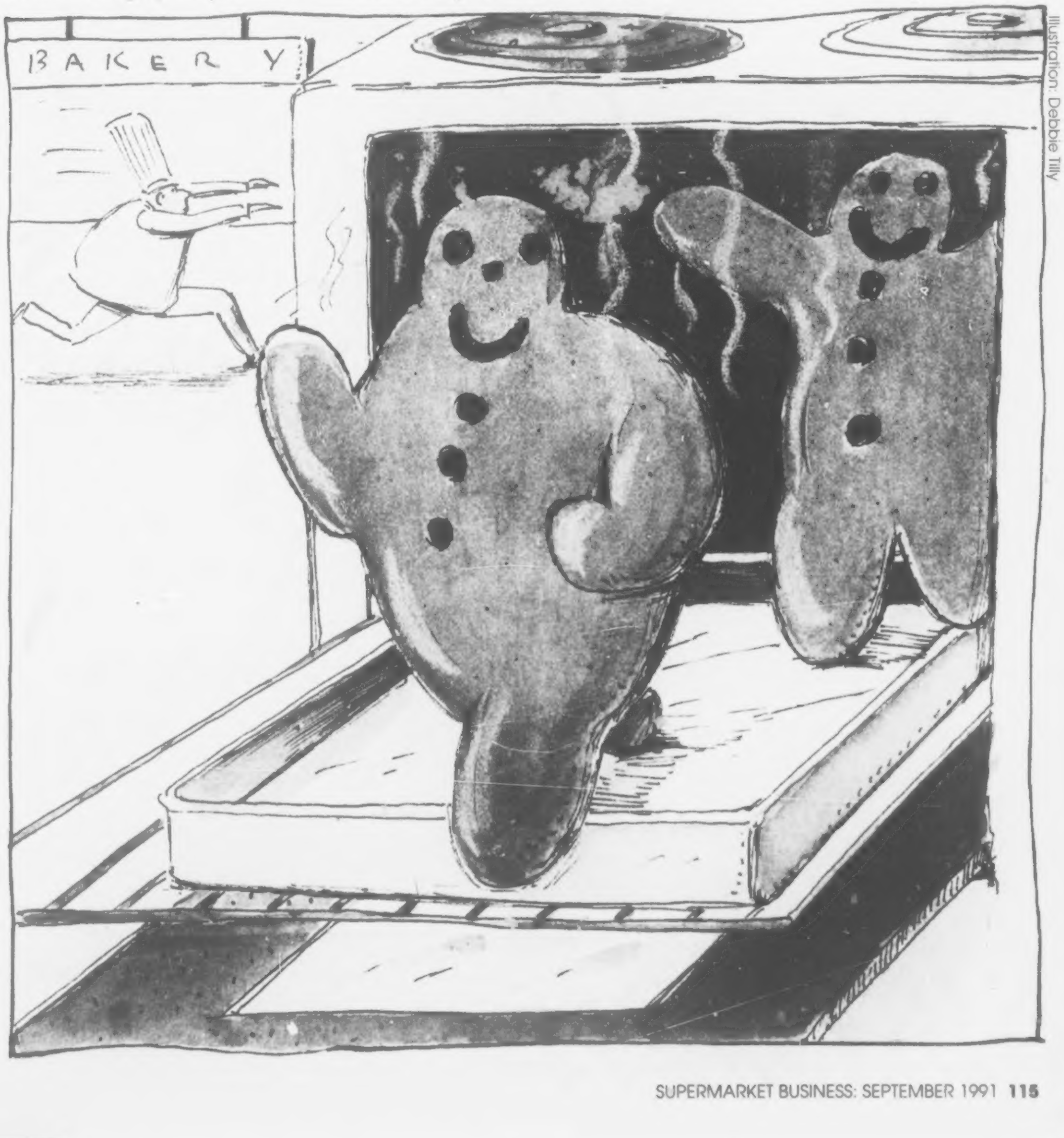

Illustration: Debbie Tilly

it's not like an event that happened—that in 1991, people went wild for fat free. It's not like Michael Jackson becoming hot again. I think every trend takes a lot longer to happen than anyone expects."

Grand Metropolitan "hasn't rolled out a lot of new stuff," says Leavitt, although some frozen biscuits have been introduced. The company is also expanding its existing lines of frozen products, including puff pastries, sweet goods, turnovers, and cookies.

Key: Healthy ... & Tasty

"I think customers are becoming more conscious of an overall health issue, and not just isolating something like fats," says Judy Striegle, senior product manager for Rich Products Corp. "When you can introduce products with substitutes in them—fat substitutes, sugar substitutes—and still have them taste good, then you have something."

Rich Products has introduced several new thaw-and-sell products, as well as more specialty rolls such as butterflake and Bavarian Harvest, to help complement lines already in store. "It also gives us an opportunity to present something a little different to our customers," Striegle says.

Dawn Foods' (Jackson, Mich.) spokesman Michael Jones points out that customer taste trends are moving in more than one direction.

"There's not much question that today's consumers are a lot more health conscious than they were three or four years ago," says Jones. "Entenmann's proved that to the baking industry, if nothing else did. But along with that, we're still seeing the opposite end of the continuum: the rich and gooey items, as well. It seems like product proliferation has been at both ends of the scale, which is fascinating. It's like 'work out' or 'pig out.' People are saying, 'I've just run my six miles, now I'm going to get a pecan cinnamon roll and enjoy it.'"

Portions to Go ... Running

Perhaps to snare more such joggers—and all other consumers on the run--operators are also offering smaller portions, and in many cases, single servings.

At least one observer thinks they should do more:

"We're seeing more of it, but it's not enough," says Jones of Dawn Foods. "I'm single myself, and I don't find enough six- or eight-slice loaves of bread, for instance. I think bakers are starting to react to that, but there could be a lot more. There are a whole lot of single households out there."

In recent months, Dawn Foods has introduced a number of products in the nutritional category, says Jones, including low- and reduced-fat sweet-dough items, cholesterol-free cake mixes, and low-fat muffin and cookie mixes.

J.W. Allen & Co. (Wheeling, Ill.) has rolled out three new fat- and cholesterol-free mixes as part of its Sensible Choice line: pound cake, muffins, and sweet dough, according to division vice president Al Foster. A fourth, chocolate pound cake, is expected to be introduced inside six months.

But new fat- and cholesterol-free products aren't the only things being tried to lure more shoppers to the bakery. Merchandising and other new items are doing that, too.

Choreographed Like Theater

Operators and suppliers alike know that instore bakeries must be "choreographed" like theater, in order to generate excitement and build traffic. One way to do that is with "display baking," a technique more and more operators seem to be using.

"The more you show shoppers, generally, the more success you will have," says Bill Arnold, vice president of marketing and sales for Country Home Bakers (Bridgeport, Conn.). "If you bake in the backroom, how does the customer know if the product was made here, or five miles from here?"

Theater also calls for new things coming on stage frequently. In May, J. W. Allen introduced five new European style breads: hearth, rye, pumpernickel, wheat, and sour dough.

Bohemia, N.Y.-based Bakery Products Inc. has introduced its European Classics line of pre-baked breads in three varieties: Bavarian Farmer, Prosoja, and Swiss Muesli.

But it isn't just abroad that suppliers are looking for inspiration—sometimes, a good idea is found in one's own backyard ... or bakery production facility.

According to Country Home's Arnold, "There was a time when pineapple pie was not very big, and our pumpkin pies sold only during holidays. But we found out that Hispanics like both of those products. So in a lot of areas, they're now staples."

Concern about calories and cholesterol is the impetus for a range of new "light" products. But nobody really expects the bakery to become a health foods store any time soon.

One of Country Home Bakers' more recent products is its Chop Block bread. Varieties include California vegetable, salami/provolone, spinach/cheese/mushroom, focaccia Italian seasoning, and jalapeno/cheese.

A Nickel A Cookie

Sometimes, theatrics involves getting shopper attention with an unexpected price. Hornbacher's (Fargo, N.D.) has been aggressively promoting its cookie program for several years. Every Monday and Wednesday, the store offers cookies for five cents each, without a limit. They are sold out of the service bakery case, and never packaged.

"It has developed into more than just a promotion," says general manager Dean Hornbacher. "It has become a way of doing business."

More such creative merchandising efforts are what's really needed to drive up sales, the experts say.

"There's always room for improvement," says Striegle of Rich Products. "A lot of times, what happens is that operators get so caught up in the baking end of the business, the scheduling and production, that they forget to go out and look at the front of the store. They need to look at it as if they were the customers, and ask themselves, 'Would I buy something here?' It's really not terribly attractive to have a table full of product piled one on top of the other, squished and mushed."

Dawn's Jones suggests that theater, including but not limited to display baking, is to be found in most highly successful baking operations. "Unfortunately, I don't think it's a fixture. I'm saying that it's an important merchandising tool that's under-utilized."

Jones calls sampling only part of the merchandising program. "Bakers need to be sure they're baking at the time when the customers are in the store. It doesn't make much sense to bring a baker in at one o'clock in the morning to get all his baking done by seven o'clock, when all of his customers are going to show up on their way home from work at four o'clock."

Breakfast Boxes to Go

Striving to get both the timing and the product right, West Point Markets (Akron, Ohio), is boxing breakfasts for shoppers. The program, still in its early stages, now accounts for 5% of total bakery sales. President Russ Vernon called the program "exciting."

These kinds of eye-catching new programs and products, as well as more and better merchandising, are keeping the consumer's attention on the product itself, rather than on price, even in a soft economy. That's the right approach, says Al Foster, J.W. Allen's division vice president. Instore bakers need to "promote their value, and not worry so much about the price," he says. "I don't think they have to compete with the retail bakeries."

But no matter what the price of instore bakery products, it's clear that costs must be managed more carefully than ever, if the bakery is to be adequately profitable. And operators are continuously adjusting the "production recipe" to fine-tune the "mix:"

In our April Bakery Review, 40% of operators reported that bake-off remains their most common form of bakery production; 28% also indicated they are using more than one method to prepare their growing menu of products. For example, 27% said they use scratch or mix preparation most often, and another 5% chose thaw-and-sell.

Continued on page 122

DELI

Continued from page 112

products as on optimizing the products we introduced last year. For example, we've added tamper-evident banding to our cup-of-salads line."

Operators and suppliers agree that merchandising must improve for deli sales to continue to grow. Signage, samplings, demonstrations, case presentation, and display preparation all play key roles in bringing customers to the counter.

Just Another Deli?

According to Levine of Manor Hill Foods, however, too many operators have allowed their delis to become just another department. "Delis need to merchandise and promote better," he says. "They have to put forth the awareness that they are a full-fledged deli that just happens to be in a supermarket."

Stouffer's Taber agrees, noting that operators "should highlight their delis, promote them more. They've almost become just another department."

More highlighting is needed especially when it comes to specialty products.

"We recommend that operators not put their light bologna next to their regular bologna," says Swift-Eckrich's Ruf. "It will invariably get lost. You really need to merchandise your case to let consumers know you have the products they want, and that are nutritious for them."

But if operators do put more emphasis on merchandising, they'll be doing it with fewer people.

According to SUPERMARKET BUSINESS's Deli Review, it now takes only 7.2 full-time employees per week to operate a deli, down from 8.5 in 1989. In addition, 28% of delis operate with fewer than five workers.

How are supermarkets managing to do so? Charles Barnard, deli director for Yorktown, Ind.-based Marsh Supermarkets, found that "by reducing the cutting of vegetables, for instance, labor was reduced by three-quarters." At Ralph's Grocery Co. of Compton, Calif., party tray orders are scheduled well in advance to lessen the demand for additional labor. "Since most trays are selected on a pre-order basis, we can schedule the unit's department accordingly to get the job done," said Charlie Borgh, group vice president-perishables.

Nothing for Nothing

But while the trend seems to be to do more with less help, suppliers and operators alike continue to stress the need for more and better-trained deli workers. Without it, they say, delis can't reach their full potential.

"The reason I believe instore delis will never achieve the expectation levels that the storekeepers and the public have is because of the labor problem," says Blue Ridge Farms' Green. "The deli is labor intensive. You need a motivated, well-trained, intelligent staff. And the make-up of the store payroll in many instances doesn't allow for that. The chains that have cut back and replaced full-time workers with part-timers have constant turnover, and they are not experiencing the volume of sales that they can and should be getting." —HOWARD RIELL

DIET

Continued from page 167

Choice, rode a wave of promotion to become the category's fastest growing line. The product's very name has also become an industry watchword: "health" has usurped "light" as the buzzword of the 1990s.

"Healthy Choice was the first to put itself in a health category specifically. The others seemed to identify themselves with 'light' eating," said Scott Rzesa, director of dairy and frozen food at D'Agostino's (New York City).

Although there are signs that the growth of the line's meals and entrees has slowed, ConAgra, the maker of Healthy Choice, hasn't slacked on the heavy promotion and consumer advertising that generated a "phenomenal" $150 million in sales in its first year, according to Susan Hanley, manager of product publicity.

The complete line consists of 22 dinners, six breakfast meals and one cholesterol-free egg product. Measuring from 10 1/2 oz. to 12 3/4 oz. in serving size, the dinners range from 230 calories (Shrimp Creole) to 350 calories (Beef Enchiladas). Fat ranges from one to eight grams (the NCEP recommends total fat of 30% or less of calories per day).

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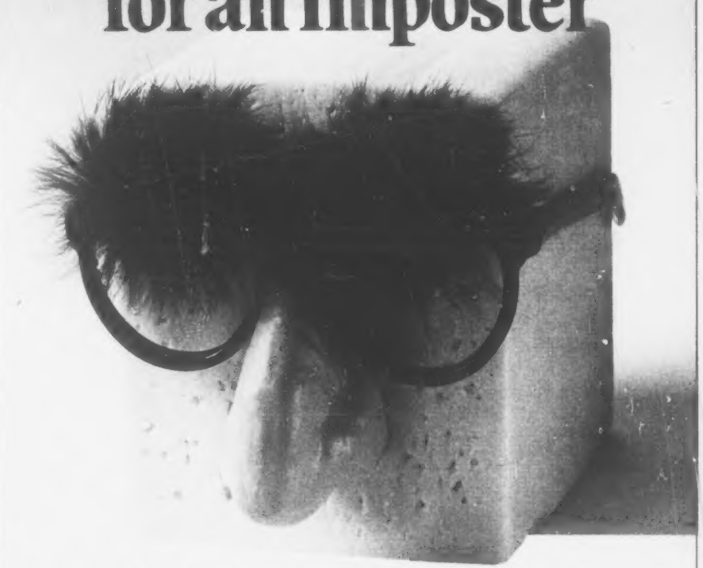

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Last year, Hanley said, ConAgra was "planning to be the market leader in both diet entrees and premium dinners." And the heavy promotion that characterized Healthy Choice's introduction has continued. According to some sources, however, the boom period may be over.

Dinners Go; Entrees, No

"Healthy Choice dinners are doing well for me, but I just discontinued the entrees," says Jon Flinchbaugh, buyer-merchandiser at Larry's Market, a chain of five upscale emporiums in the Seattle area. "That sort of speaks for itself. The movement just wasn't in the entree area."

But the opposite is true on the East Coast. Rzesa of D'Agostino's says: "Dinners are just dismal overall. That category has been just dismal. Entrees have out-performed dinners in the Healthy Choice line, as well as overall." West Coast shoppers apparently prefer the convenience of complete dinners to building meals around entrees, he speculates.

Rzesa agrees that the days of rapid growth are ending. "The category has done well overall, primarily because of Healthy Choice. Healthy Choice is probably the dominant product in the market. But this is not a growing category."

Just over a year ago, ConAgra diversified its diet assortment by introducing Armour Classics Dining Light. Says spokesperson Hanley, "Dining Light is more a price-value item. It has a blue collar audience, and is mostly available in the Midwest."

Flinchbaugh sees no clear market leader in diet foods, but says some smaller producers are gaining popularity: "There's a couple of new ones coming in that are doing well, including Eating Right. It was in there before and now it's back."

Repositioning As 'Healthy'

Perhaps spurred by the stunning success of Healthy Choice, two other major lines have been repositioned to focus on health-related formulations and nutritional benefits.

Campbell Soup Co. (Camden, N.J.) has added four new entrees to its re-named LeMenu Healthy Line. Stouffer's Food Corp. (Solon, Ohio) has gone even further, adding 10 new entrees with a revamped nutritional profile to its Lean Cuisine line. Stouffer's has also discontinued its Right Course diet entree line, claiming it provided nutritional advantages too similar to the new Lean Cuisine line.

"The 'light' business just failed, and the items that cast themselves as 'light' failed too, so now I guess a lot of the diet meals are reformulating," says Rzesa of D'Agostino's.

The reformulated lines will succeed, he says, "as long as the companies back them up with enough promotional support to let the consumer know what they've got. That was the difference with Healthy Choice. They backed it up hard and heavy with promotion."

Campbell has never hesitated to advertise its product. It was this summer that the company junked the LeMenu Lightstyle name in favor of LeMenu Healthy, says Megan McNichols, manager of communications. "We wanted a name that better communicated the 'healthy' aspects of the line," she explains.

—BRIAN MAJOR

BAKERY

Continued from page 116

But then, of course, "Everyone has a different definition of scratch," says Jones of Dawn Foods. "Scratch used to be getting your 18 different ingredients and putting a baked product together. Over the past few years, scratch has become, 'Of course I'm a scratch baker—here's my bag of bakery mix right here.' Or, 'I don't buy frozen dough, I'm a scratch baker.' True scratch baking hasn't totally disappeared, but it certainly is much, much less prevalent than it had been a number of years ago."

"Scratch baking will be reduced in the future because the labor isn't there," says Striegle of Rich Products. "You really have to have someone who's knowledgeable if you're going to get involved in a scratch operation."

Yet, she adds, "Over the last 25 years, instore bakeries have built their reputations on that fresh connotation. We have to ask, when have we passed that point? When do you get to the point where you can't call yourself a fresh operation any more? There are still a lot of us in the industry to whom the words 'fresh' and 'baked on premise' mean a lot."

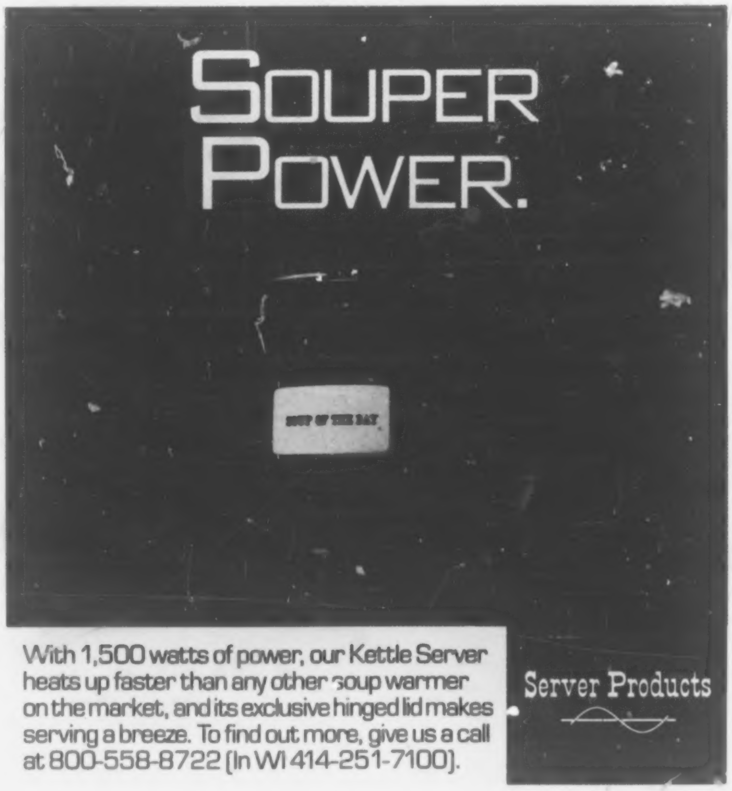
The issue is one of labor cost. And apparently, the need to reduce it still hasn't abated--the number of full-time-equivalent employees staffing the average bakery dropped from 7.8 to 7.5 over the last year, despite increases in sales, product variety, and complexity. Labor cost now averages 31.4% of sales.

Continued strong growth will depend, everyone agrees, on how well operators hear and respond to their shoppers' desires and demands.

"Success is as simple as talking to your customers," concludes Striegle. "It becomes a matter of going back to the basics that are important to people. Not using a trendy color because it's 'in,' but making sure the place is clean, the product looks fresh, the packaging looks attractive."

Adds Jones, "Supermarket bakeries that put the appropriate emphasis on their bakery programs, on producing and offering quality products, and who charge a quality price for a quality product, will have absolutely no problem growing and surviving."

—HOWARD RIELL



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SEAFOOD

■ After years of successive growth, per capita consumption of seafood declined slightly to 15.5 lbs in 1990, down .01 lbs. from 1989 levels. But the industry is looking on the bright side:

Says Lee Weddig, executive vice president of the National Fisheries Institute (NFI), "In light of a recessionary economy and stagnant white-tablecloth restaurant sales — where seafood consumption has traditionally been highest—we view the 1990 performance as an indication of positive and stable consumer confidence and demand." This continued demand, plus an unusually strong salmon harvest and the resulting drop in salmon prices, has had an impact on the top 10 seafood choices.

The top 10 species, in order, are: tuna, shrimp, cod, Alaska pollock, salmon, catfish, clams, flounder/sole, scallops and crabmeat. These species account for 75% of all seafood consumed. However, in 1989, the top 10 represented a higher percentage of total consumption than they did one year later. The NFI notes that this difference suggests a change in consumer behavior, with more Americans shopping for variety and enjoying other less-well-known species.

Store Sales Up

Several important factors account for this. Advances in aquaculture, changing demographics, Americans' continued focus on healthful foods, better merchandising by supermarkets and other retailers, and greater availability are just some of them.

"Our consumption has grown steadily this year. Every large store we open now contains a seafood counter and that helps increase visibility," according to Albert Lewis, seafood sales merchandising manager, Twin County Grocers (Edison, N.J.). Twin County Grocers offer both fresh and frozen product at the counter, Lewis notes, but the company is oriented toward fresh seafood. A key objective is to overcome the misconceptions about seafood that still persist in the minds of consumers. "They don't understand the product and many don't know how to prepare it properly," he observes. "Combine that with a short shelf life and high prices, and you can very quickly find them shying away from it."

To gain the consumer's confidence, said Lewis, "we have to gain control of the quality of the product. We have to educate our people and our customers about how to prepare it, how to handle it and what

Lack of cooking knowledge by consumers is still seafood's biggest problem. But nutrition and health concerns are, more than ever, in the category's favor.

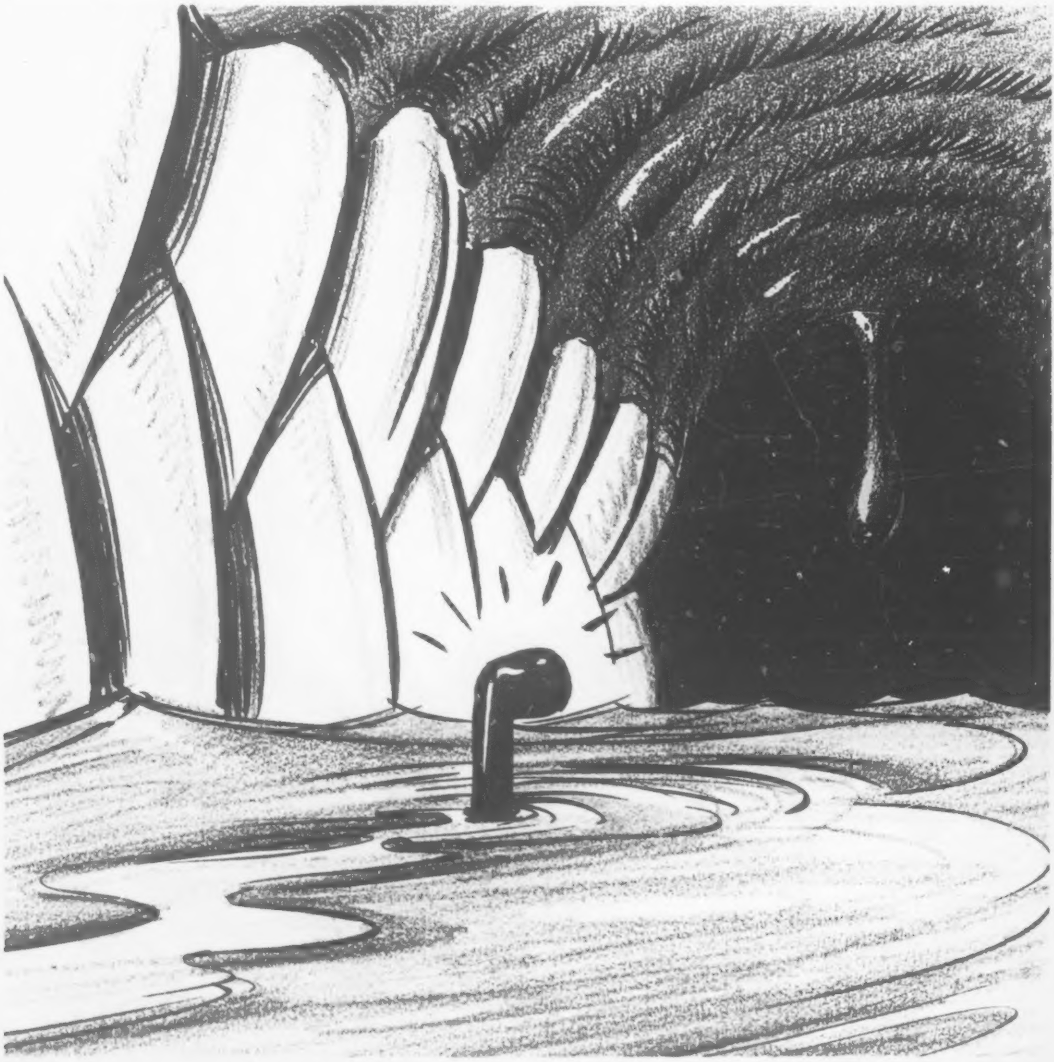

Illustration: Steve Sweny

quality means. We have to work toward making it as much of a 'no-think' meal as possible."

To do that, supermarkets will have to invest even more in training. "Training is as important as the quality of the product," Lewis contends. "Ongoing training is an important part of any seafood sales counter. We are constantly introducing new species, and we constantly have to keep our people aware of how to handle and prepare the food. There is so much to learn—everything from temperature of the product to the cleanliness of your building. Proper seafood handling is as much about facilities management as it is about product management."

Training is critical, he continued, because it not only helps make the immediate sale, but keeps customers coming back for answers to questions they have about the product. "It helps build confidence and makes us a resource for our customers."

Tim Kean, seafood and bakery merchandiser, Payless (Anderson, Ind.), said his company has been working on a seafood program since 1987 and has experienced significant increases in sales. Payless is currently trying to make people aware of the grilling opportunities seafood offers. "We have had a grilling promotion for the last two years and are starting to make some headway," Kean says. "One of the reasons we are getting good results is because we have supplier participation."

Kean piggybacks on the national "If It Swims, Grill It" promotion by offering consumers a chance to win a coupon to be used toward a seafood purchase. Stores feature a large wheel that consumers spin for prizes. Other efforts include a free barbecue grill promotion. Payless also sponsors demonstrations that highlight preparation methods with manufactured and premade sauces.

Shows Off Cooking Ease

"We do promotions on grilling, microwaving and baking, to show people how easy it is to prepare seafood, and that there are alternatives to frying," said Kean.

The biggest thing supermarkets can do to increase sales of seafood is to pay close attention to the quality of the products they sell, according to William Frank, president, Morey Fish Co. (Motley, Minn.). "Some stores are doing an excellent job in terms of quality. Others continue to sell product that should not be presented to the consumer," he says.

Should Get Better Margins

Part of the problem supermarkets face, he said, is that often they are not making the margins they need to sustain a high-quality seafood program. "They need to put a fair margin on seafood, one that allows them to sell only the freshest and best quality goods," said Frank. "I can't say this often enough—if it isn't good, throw out."

Another point he emphasized is that the industry must continually provide consumers with preparation and handling advice. "The same questions keep coming back at us," said Frank. "How do I prepare this? How long will it last in my refrigerator?"

The answer is to provide added value to the products already available, he continued. "Some supermarkets that are successful with seafood are offering seasoned fish dishes, and prepared foods that only need to be microwaved. This is an important service for consumers and we need to do more to get the product into an easy-to-prepare form."

Mark Alexander, seafood buyer and merchandiser, Hannaford Bros. (Scarborough, Maine), says that his company has seafood counters in 85 of its 100 stores. Each counter offers 30 or more items. Alexander reports increased sales on a per store basis. "We run weekly ads in our flyers, we have a recipe program and in-store demonstrations on cooking," he says. "We are expanding our demonstration and taste testing programs."

David Ptak, vice president, general manager, Chesapeake Fish Co., (San Diego, Calif.), says he is a strong supporter of supermarket merchandising efforts. The two most important things for retailers to keep in mind, according to Ptak, are dedication and a good relationship with your suppliers.

"You can't do it half way," he said. "It is a difficult item to merchandise. You have to work with it, schedule labor for it and train your people. You have to pay your people to smell like a fish by the end of the day. The retailer who wants to generate profits has to dedicate himself to the business."

Suppliers can be a useful source of training and information for supermarkets, Ptak says. "You can get the education and the service you need if you have a good relationship with your supplier. Price shouldn't be the overriding factor in the purchase. Trust is an important part of this business," he added.

> **"Some stores are doing an excellent job in terms of quality. Others continue to sell product that should not be presented to the consumer."**

The reason proper training is so critical to success in seafood is that, because of its high cost, consumers want service. "The consumer doesn't know how to prepare it and if she can't get the answers she needs, she might as well go out for dinner," said Ptak.

Advertising, too, can go a long way toward creating awareness at the consumer level. Especially now with salmon prices so low, consumers are more willing than ever to come in and buy. The particularly strong harvests of salmon and good catches throughout the Pacific Northwest offer supermarkets a good selection at a good price, something they can use to entice customers in to the seafood counter.

Inspection to Help

Mandatory federal inspection, while not yet a reality, is expected to have a big impact on seafood. First of all, it may help consumers feel more comfortable with the product.

Ptak says that his company participates in the voluntary federal inspection program on a voluntary basis. However, he noted that supermarkets in his trading area are increasingly requiring inspection. Some stores are using inspection as a marketing tool. The impact of those efforts is still not clear. Retailers and suppliers agree that federal inspection will become more important as consumer awareness surrounding the issue rises.

Twin County Grocers' Lewis said, "Inspection can be useful as a marketing tool. But in order for it to have an impact, it must bring sales, quality and value under the umbrella of a complete inspection program. Grade A doesn't necessarily mean it is still grade A when it gets to the consumer's home."

Clearly, a federal inspection program is not a panacea for the troubles of the seafood industry. According to Lewis, "The bottom line [illegible] that if customers get a fresh-tasting and fresh-smelling quality product at the counter, they will keep coming back, regardless of whether it has been inspected or not."

Kean agrees. "I don't think people make a conscious decision to buy based on inspection. We buy the best fish available, regardless of whether it was inspected or not. Our position is that we are the ones who have to be accountable. If our consumers have a problem with a product they purchase from us, they are not going to call the government agency that inspected the fish—they are going to come to us."

Growing populations of ethnic groups that traditionally consume larger amounts of seafood will also help fuel continued growth. "Asians and Hispanics in particular will have a definite impact on demand. They are an integral part of many of our neighborhoods," said Lewis.

Another important factor that should help spur growth is the "greying of America." As the baby boom generation gets older, it is becoming more concerned with healthful food choices. The health benefits of seafood are more attractive to an aging and more affluent population.

And aquaculture will, without a doubt, significantly change the industry. This system of harvesting product offers a constant and fresh supply of seafood; more control over pricing; and increased availability of all product, including newly farmed species.

—Sandy Montero

bEER

■ Year by year, the beer aisle is looking more and more like the soft drink aisle.

Little wonder, as the beer business is increasingly dominated by the Big Three brewers—Anheuser-Busch, Miller and Coors—and their expanding brand lines. In a flat market, the biermeisters are using their promotional clout to wrench market share from smaller brewers. As a result, regional beer makers who launched ambitious plans in the 1980s to develop national business, either by promoting signature brands, or by purchasing other local labels, have been forced to retrench. In some cases this occurred after having lost ground even in their original home territories.

But competition certainly isn't responsible for the overall flat market. Shifting demographics have played a roll. Growth has also been hurt by an anti-drunk-driving movement that later mushroomed into a health campaign. Which, according to many brewers, finally revealed itself to be a good old-fashioned anti-alcohol crusade, so threatening that it actually forced the various, normally divisive elements of the U.S. alcoholic beverage industry to work together.

The anti-alcohol movement may have peaked, as some observers seem to believe. But the damage it has done—especially in encouraging sin taxes that dramatically boosted the price many consumers pay for a six-pack—is evident in the anemic growth of beer sales at supermarkets.

Overall, beer sales in supermarkets increased by only 3.8% in 1990, down from 7% in 1989 and 4.2% in 1988. In spite of 1989's seemingly strong dollar growth figure, brewers reported that beer sales were flat. So a growth rate of only 3.8% in dollar terms probably represents a significant decrease in case volume through supermarkets during 1990.

Imported Beers Suffer

Imported beer sales are up even less, totaling an increase of only 2.8%. That certainly marks a decrease in case movement as taxes, fluctuations in money markets, and upscaling by importers has boosted the price of imports. Now, it is not unusual for a six-pack of foreign brew to cost twice as much as a domestic premium product.

A consolidation trend also is evident in the import segment. Recently, for example,

The major brewers and importers took an even larger share of the business in the past year. They had no choice because overall beer growth stalled. But as the economy improves and they get more skilled at dealing with anti-alcohol movements, the brewers expect to re-start category growth ... with even more of it coming from supermarkets.

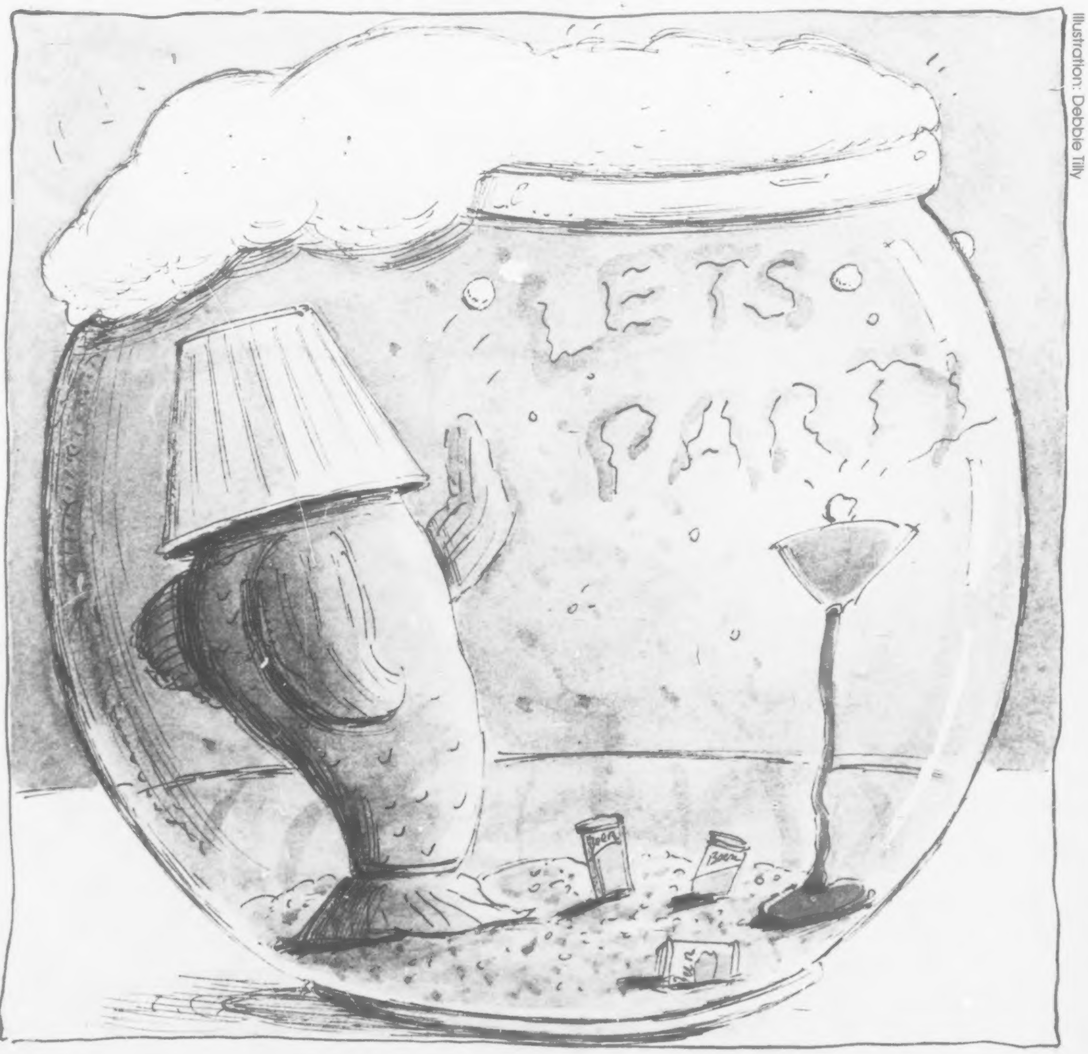

Illustration: Debbie Tilly

the Guinness Import Company (Stamford, Conn.) purchased All Brands and added Canadian, Mexican and Czechoslovakian beers to its line-up of Irish and English brews.

One result of consolidation has been an increase in marketing dollars backing various brand portfolios. In the past, big brewers bought national advertising with their big marketing budgets. But while major brewers continue to spend heavily on television, radio and print advertising, more and more money is being funneled into local on- and off-premise promotions. Many are tied into national media campaigns.

Big Brands Line-Extended

One reason for the change: As domestic brewers have gotten bigger, they've leveraged their popular brands, such as Bud, Miller Lite and Coors, and produced whole product lines. Similarly, many importers have brought new beers from overseas or purchased rivals, boosting the breadth of their brand line-ups. Both segments seem to believe that trial is best won directly. So sponsorships, tastings and promotions have been developed to get customers to try a variety of new brews.

To some extent, supermarkets do benefit from all this activity, says Mel Beech, a district manager for Feldpausch (Hastings, Mich.). "We see some more movement because of all the promotions," he admits. "There are two kinds of beer drinkers, die-hards who are not going to switch, and some who will try whatever's advertised. Consumers have come to expect that kind of activity, just as they've come to expect the detergents of the world to be scented and unscented. What brewers are really trying to do is win more facings and pick up share."

Brewers agree that supermarkets do benefit from new products and their accompanying promotional blitzes. But the benefit isn't just accrued from trials won by piquing consumer curiosity. Rather, the combination of line extensions, marketing and consolidation has kept business at the more profitable end of the beer spectrum, according to Mark Danner, vice president for national accounts at Anheuser-Busch Cos. (St. Louis). "The products that sell are those supported by advertising," he contends. "Advertising maintains a high-quality image and the sales of higher profit premium and super premium products. Their profitability compares favorably with some of the regional products that have fallen off the shelves. There are many good regional beers. But those that have fallen out are usually lower-end products that don't have the advertising support and related movement."

"The larger breweries will continue to grow financially because they enjoy marketing economies of scale," says Bob Weingarten, director of national accounts at Adolph Coors Co. (Golden, Colo.). "The regional companies that survive are the ones that tie themselves into bigger companies, such as Rainier and Rolling Rock."

Weingarten says supermarket operators can look forward to a long future of beer introductions and corresponding promotional campaigns. "New product proliferation isn't going to change. New product introductions store-wide exceed 12,000 items a year and I don't think that's going to change. We're introducing Coors Dry in the western region of the U.S., and Cutter non-alcohol brew nationwide."

Of course Coors isn't alone. For example, on April 1, Miller began national distribution of Miller Genuine Draft Lite, further extension of the company's involvement in the evolving premium draft segment.

Like other introductions, the roll-out of Genuine Draft Lite will be accompanied by a media marketing blitz designed to win trial and help position the product.

"Miller Genuine Draft is the fastest-growing premium product in the country, and consumer response to Genuine Draft Lite has been outstanding," says Richard Strup, vice president of brand management for the Miller Brewing Company (Milwaukee).

Increasingly, brewer promotions address a single product and its users. In the case of Miller especially, that has meant not only creating multi-brand promotions, but developing separate campaigns for its various introductions, and updating those for its established products.

"Miller develops innovative merchandising and promotional programs to increase sales in supermarkets," says a Miller spokesperson. "Single-brand and multi-brand promotions have been developed for the holidays and key beer-drinking seasons. Examples include Miller Lite's three billionth case celebration and Miller Genuine Draft's Hot Summer promotion."

This year, America saw the end of one celebrated Miller promotion, the Miller Lite "Tastes Great, Less Filling" campaign starring the Miller Lite All-Stars.

> **"There are two kinds of beer drinkers, die-hards who are not going to switch, and some who will try whatever's advertised."**

"The new campaign and tagline, 'Miller Lite. It's It and That's That,' builds upon Lite's heritage, popularity and taste through distinctive, fun advertising," says the spokesperson. The new campaign "is a comprehensive marketing program that broadens Miller Lite's appeal among all beer drinkers, and positions Miller Lite as the best beer for consumers today."

Loyal to More Brands

One result of new product introductions in the beer category is a fragmentation of some customers' product loyalty.

"There's still some brand loyalty out there, but it has shifted to a set of brands," says Weingarten. "A consumer may have three or four different brands in that brand set. That's not going to change, but it goes back to brand clout. National brands have to get their brands into those brands sets, and they have the resources to do that."

That offers supermarkets an opportunity to make better profits, he says. With good space management, supermarkets can continually update departments to take advantage of the fast movement of the most aggressively marketed products, whether the promotions be for new products, seasonal campaigns or general brand support.

"Space management in this environment is going to be an area of importance for us all," he says. "Proper utilization of space has to be considered in terms of promotion. We have to convince supermarkets that, given our promotion schedule, some supermarkets giving 24 feet to beer should give 36 feet because beer will contribute more to the bottom line."

That means space allocation within the beer section needs to be reviewed regularly, Weingarten observes.

"Supermarkets have to do a number with the new products that come out. You don't want to be late jumping on the bandwagon. If you've got some losers, you have to get rid of them. And it depends upon the supermarket. If, in some cases, we have to lose some space, we'll have to eat that. And the same thing goes for Anheuser-Busch and Miller. Supermarkets have to be smart. And we have to look at the store from the customer's point of view."

Forewarned is Forearmed

Alcohol issues will continue to haunt the beer business, though brewers point out that their efforts to let people know that they are involved in alcohol awareness programs may help the business stave off attacks and better oppose more excise taxes. But the awareness of alcohol issues has a benefit to the beer business, Danner contends.

"Beer is still a healthy industry in part because of the move to moderation—some of today's beer drinkers have switched from harder spirits," he says.

Danner believes that after several flat years, the beer business in general is ready for a rebound. "There are still plenty of beer drinkers out there," he observes. "We're projecting growth in the beer industry."

The same holds true of importers to a large extent. But price makes a bigger difference among imported beer drinkers. Indeed, the price increases in imported beer, and health and drunk-driving concerns among the affluent consumers who purchase foreign brews may have conspired to make super-

Continued on 19

CANNED GOODS

Canned food suppliers have a big problem: They're faced with growing reluctance among shoppers to do anything other than pop into the microwave a dish they don't have to wash later. So, 1990 saw continued experimentation with a variety of strategies for building momentum in today's market.

Can't Be too Pricey

Manufacturers score occasional gains with value-added items, but consumers have low tolerance for higher-priced canned goods. They may be willing to pay a premium for microwave convenience, and a slight premium for vegetable short-cuts and fruit packed in its own juice ... which are strategies being tried this year by canned goods manufacturers. But for consumers, "gourmet shelf-stable" is still an oxymoron.

Ross Nixon, grocery buyer for Dahl's Food Markets (Des Moines, Iowa) says that, in the microwavable-shelf-stable category, lower-priced items such as Phoenix-based Dial Corp.'s Lunch Buckets, priced in the $.89 to $1.09 range, continue to do better than shelf-stable tray items priced at $2.50 to $3.50. "The recession may have had some impact on the larger-ring items," he says.

Smaller ticket lunch entrées, he adds, are often purchased by office workers more interested in convenience than value. "There's not as much impact there—no one seems to be watching their pennies as closely."

But if microwavable packaging can lead time-pressed shoppers to pay $1.09 for a 7.5-oz. lunch entree when a 15-oz. canned equivalent sells for $.99, manufacturers are recognizing sharp price limits above strategic price points. Dial, the category leader, realigned its pricing on June 1 "as a reflection of the economy," according to John Coyne, marketing manager.

Retailers, moreover, have discovered that microwavable, shelf-stable meals, pioneered by Hormel (Austin, Minn.) with its Top Shelf line in 1987, have a tough time competing with frozen meals, even if the latter take longer to "nuke."

"The microwavable products in the frozen food section have done very well. In dry grocery, the section is still struggling to gather its share of the market," says Rich Bruns, director of operations at Food Value (Bend, Ore.).

1990 saw continued experimentation with a variety of strategies used to build new momentum in today's market, which calls for convenience more than ever.

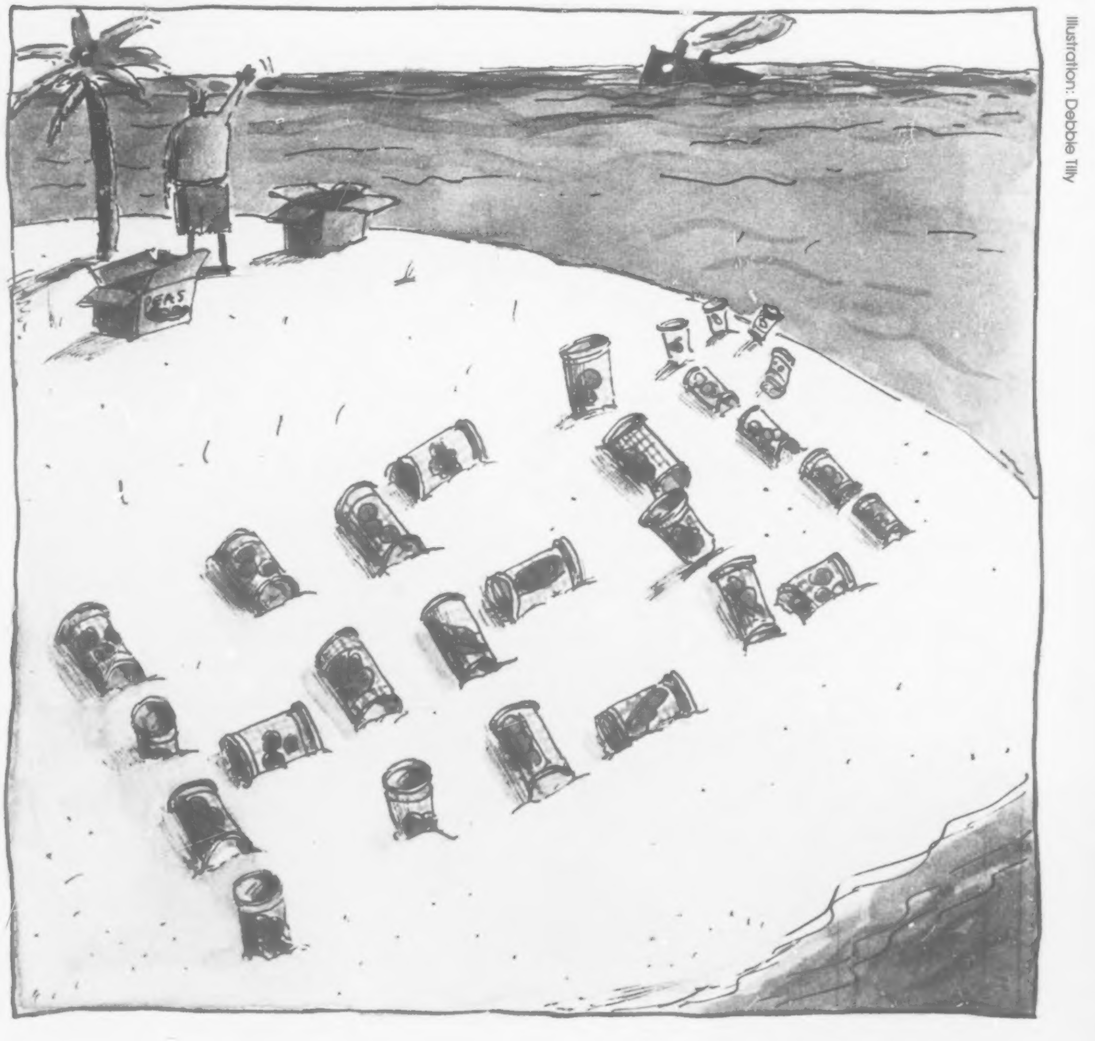

Illustration: Debbie Tilly

CANNED GOODS

Like many retailers, Bruns is taking a wait-and-see approach before expanding the shelf-stable microwavables, with no plans to either expand or reduce its size. "We're leaving the status quo at this point in time, until the consumer dictates otherwise. The products have to earn their shelf space."

Manufacturers have also cut back on the scope and intensity of their new product campaigns. But there's still enough new product activity to keep competition for the retailer's limited microwavable shelf space simmering.

Dial's six-item Light Balance line, introduced in October 1990, is doing "extremely well" since its national rollout was completed in March, according to Coyne. The line includes Beef Americana, Chicken Cacciatore, Chicken Fiesta, Mushroom Stroganoff, Beef and Pasta Bordeaux and Pasta and Garden Vegetables. Items retail for a suggested $1.19 to $1.29.

Space Growth Stops

Coyne notes that while "over the past two years, retailers had been expanding the space, that's quickly come to a halt." The space crunch, he says, makes the category "very competitive" for new products. New product activity for the Lunch Bucket line was limited to two new flavors in May and June, 1991—Macaroni 'N Cheese and Dumplings 'N Chicken. That brings the number of items from 18 to 20.

Dial also introduced a larger-sized line for bigger appetites, with 10.75-oz. buckets of the five most popular Lunch Bucket items distributed to 40% of the country in June 1991. Those items include Lasagna, Hearty Beef Stew, Chili with Bean, Beef Ravioli and Pasta 'N Chicken.

American Home Food Products (New York) is also hoping to cater to "grown-up appetites" with its Chef Boyardee Main Meals, a six-item line of 10.5-oz. bowls that was launched nationally in February. This line complements the varieties of 7.5-oz. microwavables, which have expanded to 16 since the line's introduction in May 1988.

Part of the expanded 7.5-oz. microwavable line is a six-item line for kids—meatball and regular versions of ABCs, 123s and Tic Tac Toes—which were introduced last December. The company will add a microwave version of its popular new cans of Teenage Mutant Ninja Turtles pasta, in regular and meatball, this fall.

This month, American Home Food Products is also introducing a four-item line of Chef Boyardee Special Recipe items in 15-oz. cans. Items include Pasta & Chicken, Spirals in Pizza Sauce, Rigatoni in Hearty Meat Sauce and Shells in meat flavored sauce. The cans retail for a suggested $.99.

Manufacturers have also cut back on the scope and intensity of their new product campaigns.

A newcomer, introduced in April and rolling national this month, is Libby's Diner from Libby's, a subsidiary of Carnation Co. (Los Angeles). The line of seven entrées, packed in 7.75-oz. microwavable cups, is priced for a suggested retail of $1.09. The line includes such "hearty, American diner-style" recipes as chili with beans, beef stew, pasta spirals with chicken, macaroni and beef, spaghetti and meatballs, lasagna and ravioli. The company also completed its national rollout of just-add-meat Libby's Sloppy Joe Sauce in cans in February. A 15.5-oz. can retails for a suggested $.99.

But Shelf-Stable Veggies?

While microwavable buckets have emerged as a solid, if slow-growing category that consumers have gotten used to, microwavable vegetable side-dishes are still a "question-intensive" category, according to Dee Ann Campbell, a vice president of Del Monte (San Francisco). The company completed its national rollout of its nine-item Vegetable Classics microwavable shelf-stable line in March.

"We still get calls like, 'I put it in the freezer by mistake—what do I do now?' " Campbell says. She adds that consumers are still mystified about what Del Monte does to the products to make them shelf-stable. (The answer: A high-barrier process "not dissimilar from home canning" that incorporates a heat-sealed, microwave-ready plastic tray, according to Campbell.)

Traditional cans still account for the vast majority of shelf-stable vegetable tonnage. And according to SUPERMARKET BUSINESS's Consumer Expenditures Study (CES), sales are flat or in modest decline across the board. Total category supermarkets sales were down 1.2%, to just below $2.54 billion.

Manufacturers have attempted to prop sagging sales by focusing their resources on the few growth spots along the canned vegetable spectrum.

In January, Pillsbury went national with Sweet Select corn under its Green Giant label. The product is a "new corn hybrid, which grows naturally extra sweet and extra crisp." It's available in 11-oz. cans for $.69, and is also sold frozen in 16-oz. bags. The company also introduced Baked Style Beans in spring, 1990, rolling national in April 1991.

S&W Fine Foods (San Ramon, Calif.) has been focusing on current regional introduction of S&W Deli Classics, with Italian Style and Garden Style al dente pasta in glass, retailing for $1.29 to $1.39. The company continues "doing canned soup very well" with its value-added stewed Redi-Cut tomato line, in Italian, Mexican and Cajun flavors, but has had some trouble with scarce supplies, according to spokesman Richard Fink. The outlook for the current harvest, he adds, is "kind of squirrely" due to unusually cool California weather.

Del Monte, meanwhile, has sparked some interest in traditional canned vegetables and fruits through its store-wide promotions and Country Yumkins campaign—where consumers can pay cash or save labels for plush stuffed vegetable and fruit character toys. This September, the company updates that campaign with "Hooked on Yumkins," with smaller versions of the stuffed toys made into Christmas tree ornaments.

Syrup-Free Fruit Wins

The big story for Del Monte in traditional cans was its four-item line of Fruit Naturals launched late last year. "It's been just phenomenal for us," Campbell says. "It's literally grown the canned fruit category." The line, which includes sliced yellow cling peaches, halves of pears, fruit cocktail and chunky fruit cocktail packed in its own juice, has been selling fast, even at a $.16 premium above traditional canned fruit.

Dole Packaged Foods Co. (San Francisco) has found strong sales success for its Tropical Fruit Salad launched in June; it will complete its national rollout this month. "In markets where sold it is the number two best-selling fruit cocktail item," says Dole spokesperson DeDe Priest. "It has contributed incremental category sales and profits."

Existing natural fruit in cans by others, including S&W, helped brighten category results in 1991, and with recent product introductions from Del Monte and Dole, that modest growth rate may be due for an increase. The total category grew 2% in supermarkets, to a sales total of $1.29 billion, according to SUPERMARKET BUSINESS's CES. Standouts included apricots, growing 8.3% (from a small base) and fruit cocktail, with a 6.4% gain.

Steadily Up

As a whole, canned soup grew a steady 4.5% in 1990, for a supermarket sales total of $1.53 billion, according to SUPERMARKET BUSINESS's CES.

Campbell's Cream of Broccoli soup, introduced last September amid the hoopla over President Bush's mock tantrum, scored solidly for the Camden, N.J.-based company.

"It was a runaway success—the largest new soup introduction in 55 years," according to Kevin Lowery, a company spokesman. It is being followed with similar high hopes for Broccoli Cheese Soup.

Campbell's also introduced its successful Teddy Bear soup, followed by Souper Stars soup and Dinosaur Vegetable Soup for kids. And Lowery reports strong demand for the company's family-sized line, with 26-oz. cans selling for a suggested $1.19. Two new flavors are Chicken with Rice and Bean with Bacon.

Campbell's microwavable soup program, launched nationally last September, is getting two new flavors: New England Clam Chowder and Vegetable soup. The original five microwavable flavors are Chicken Noodle, Vegetable Beef, Chili, Bean with Bacon and Chicken with Rice.

Continued on page 193

CEREAL

■ The megatrend shift away from high-cholesterol eggs and fatty breakfast meats is keeping cereal sales strong. But the spectacular growth in the late 1980s, fueled partly by the oat bran boom, is a memory.

Instead of featuring a new miracle ingredient, the few truly new products are multigrain cereal combinations or blends. To attract and sustain consumer interest, most manufacturers are turning from wholly new cereal items to line extensions, new packaging and new nut and fruit combinations.

Retailers, meanwhile, are adjusting to a category with a sales curve that has finally leveled off—and with new products that sell well, but that don't provide incremental sales gains to the category as a whole.

"I think what we're seeing now is a shuffling of brands and cannibalization, with one company's product eating from another," says Francis J. McGuire, president of Town & Country Markets (Kalamazoo, Mich.).

Manufacturers seem to be sensing the higher risks of investing heavily in radically different new products. "The major thrust for us is to strengthen our core brands," says Ron Bottrell, senior manager of corporate relations for Quaker (Chicago).

Triple Crunch, for example, is "not so much a new product as a packaging change" for Quaker's three Cap'n Crunch varieties. "We will have three 6-oz. bags of the three different flavors in one box—regular, Cap'n Crunch with Crunch Berries and Peanut Crunch," Bottrell says.

Sell-in for Triple Crunch was "just beginning" this summer, Bottrell said. Other recent product introductions included Cinnamon Oats Squares, a line extension earlier this year; and Tiny Tunes, a lightly pre-sweetened, multigrain blend for kids, in late 1990.

First Wheaties Extension

The big news for General Mills cereals in 1991 is also about an existing brand—Wheaties. The company takes a step beyond its innovative "hoop" packaging concept with Wheaties Honey Gold, the first line extension for the venerable "breakfast of champions."

Wheaties Honey Gold, made from whole wheat and corn and sweetened with honey, is expected to hit retail shelves in late October and roll national by December, according to Kathryn Newton, public rela-

Cereal manufacturers learned last year that the recent 'miracle ingredient' approach is no silver bullet. Now, they're trying new multi-grain strategies, and more line extensions of big-name brands.

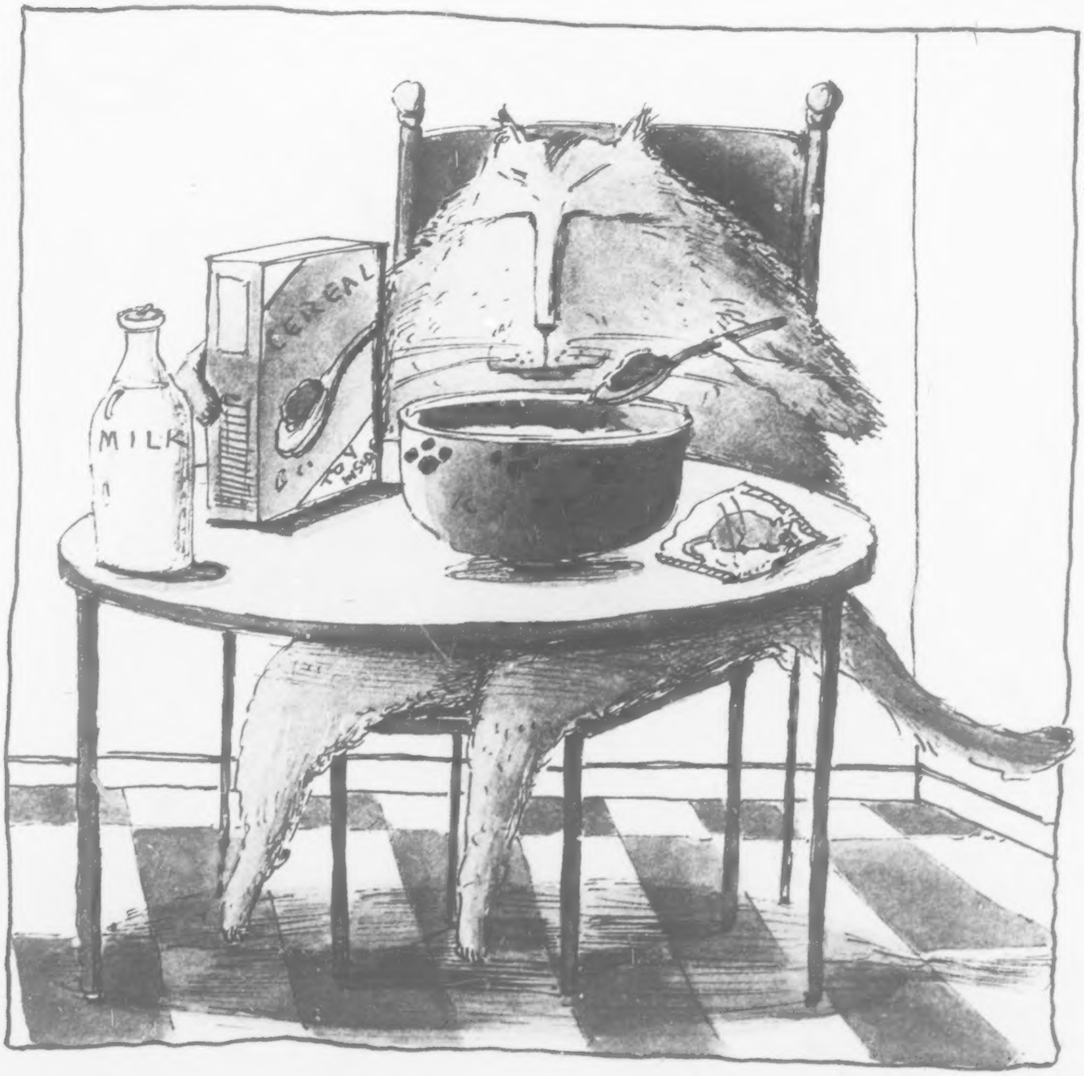

Illustration: Debbie Tilly

tions manager. It will be available in 15.5- and 22.5-oz. sizes, retailing near $2.80 and $3.80.

The multi-grain formulation for the Wheaties line extension is consistent with other efforts to add value by tinkering with more than one grain. That seems to be replacing the pursuit of a single "holy grail" grain or part of a grain, such as oat bran, rice bran and psyllium.

General Mills discontinued its psyllium-based product, Benefit, early last year. Besides Wheaties Honey Gold, two other significant General Mills product introductions—Basic 4 and Triples—are multi-grain items.

Basic 4 blends corn and multi-grain flakes with rice crisps, four fruits and two nuts. With milk, it provides nutrients from the old "basic four" food groups. It retails near $3.40.

Triples is made with three crisps of three kinds of grain—corn, rice and wheat. Like Basic 4, it completed its national rollout in March. It's available in 13.25- and 18.75-oz. sizes, retailing near $2.50 and $3.30.

Kellogg Co. (Battle Creek, Mich.) also takes the multi-grain route with its Double Dip Crunch, introduced nationally in June. Like Cinnamon Mini Buns, introduced nationally in January, Double Dip Crunch is priced within the company's general $2.50-$3.00 price point for cereal products.

FDA Forces Brand Renaming

Unlike General Mills, Kellogg's is sticking with a psyllium-based product. Formerly called Heartwise, it's now called Fiberwise to please the FDA (The cereal had been barred from Texas in early 1990, when that state's attorney general declared that there was inadequate evidence for Kellogg's health claims.)

Despite the price it has paid for the health claims it has made, Kellogg's isn't about to abandon its focus on nutrition. Along with its efforts to promote cereal with high fiber and low or no fat, the company stresses the ability of its products to be part of a diet that fits within National Cancer Institute guidelines. Kellogg's also works with diabetes organizations, incorporating their nutritional exchange data on its packaging.

This past summer, cereal manufacturers were dealt a different sort of challenge—the call for a ban on Saturday morning advertising of food products targeted at kids. The ban is supported by the Center for Science in the Public Interest and by the American Academy of Pediatrics (AAP).

Such an ad ban raises a number of questions: Should advertising be limited to products deemed healthy? Or should any edible product—tuna, milk or grapes—be banned? Who decides what is healthy and what is not? Those decisions traditionally have been made by the family "gatekeeper" who does the shopping. Should a federal panel usurp their role?

Cereal manufacturers point out that their products are low in fat, vitamin-fortified, high in complex carbohydrates and healthier than breakfast alternatives. "We share in the desire to improve health and nutrition for kids, and we feel quite strongly that that's exactly what we have with cereal," says Newton of General Mills, which promotes Cheerios and other brands on Saturday morning TV.

No Kid Trap, Makers Say

"A typical serving of pre-sweetened cereal will not make anyone fat," says Pat Farrell, a spokesman for Ralston Purina Co. (St. Louis, Mo.). "Overeating leads to obesity." He adds that "just because a product is wrapped around a fun licensed character, something less than serious, like Teenage Mutant Ninja Turtles.... [doesn't mean] that the consumer is falling into some type of trap—a less than reputable product, sold through manipulation."

Ralston, which relies heavily on box-office-to-cereal-box marketing, has scored hits with the Saturday-morning set with such products as Teenage Mutant Ninja Turtles cereal. Its two most recent licensing projects: Prince of Thieves and Bill and Ted's Excellent cereals.

Ralston has also recently expanded its Muesli line to five varieties—Cranberry Walnut, Raspberry Almond, Raisin Date, Peach and Walnut and Apple Raisin. It has also bolstered its core Chex cereal line with a honey-sweetened line extension and a miniature-sized, pre-sweetened version for kids.

General Foods' Post brand saw volume increases for its Alpha-Bits pre-sweetened cereal with the introduction of Marshmallow Alpha-Bits earlier this year. Like other manufacturers, the company is finding its biggest success in line extensions of existing brands. But it is reportedly experimenting with a multi-grain adult cereal as well.

Nabisco Brands (Parsippany, N.J.) is making adjustments to its core Shredded Wheat line. A "toastier, crispier" spoon-sized version was introduced in May and rolled national this summer, according to Ann Smith, manager of product publicity. Also planned for Shredded Wheat: Promotion of the product's 100-year birthday in 1992.

The ready-to-eat cereals enjoyed fairly good growth last year (6.8%), on sales that exceeded $5 billion through supermarkets. Despite this increase, 1990's results were somewhat disappointing to cereal manufacturers:

In the past, ready-to-eats have posted double-digit sales increases each year. For example, 1989's growth was 14.4%, which was typical for the category.

Customer disillusion with the previous year's oat bran claims, and a slowdown in introductions of new pre-sweetened children's cereals may have had a hand in this.

But if cold cereal sales increases were somewhat cool, then sales of hot cereals positively congealed.But all the snap, crackle and pop was not lost: Comebacks, too, occurred in the cereal aisle last year ... though, technically speaking, it didn't involve cereal: One of the more dramatic category comebacks of recent years involved toaster pastries.

Pops Back Up

Toaster pastries, the category that was first introduced when many of us were children, and that had been languishing for many years, has been rediscovered by a new generation of consumers and promoters.

Sales of these products grew 20.3% last year; and by more than 10.5% the year before. Although still relatively small at just $137 million, the turnaround is, in relative terms, monumental.

Apparently, the convenience and tastiness of this product, which children can prepare for themselves and adults can prepare on the run, appeals to a growing consumer base.

—Frank Hammel

Today, the major thrust is to strengthen core cereal brands—marketing new ones is often too costly ... and risky.

FROZEN FOODS

■ The frozen food case has become a ready-to-serve microcosm of the entire supermarket. No longer is it necessary, for any meal of the day, to buy your own ingredients and prepare your own food.

Instead, you can buy frozen waffles, pancakes or french toast for breakfast. For lunch, there's frozen burritos, pizza, or pita pockets. For dinner, there's every menu item imaginable, in portions and calorie counts from Hungry Man to Healthy Choice to Lean Cuisine.

As a result, competition within the category is heating up as quickly as a frozen entree in the microwave. And this year, competition was exacerbated by an economic climate that has been as cold as the frozen food case itself.

Then there's the competition from outside the category: For the very strength of frozen foods—its convenience—automatically places it in head-to-head competition with other evolving supermarket departments, and with other classes of trade.

Chasing Convenience Crowd

Enhanced delis and produce departments; convenience stores that have moved into the fast food business; the fast food restaurants themselves; and Indy-500-speed home pizza delivery all add up to a lot of competition for the convenience-oriented consumer.

"There are simply too many other products, categories and retailers competing for the same consumer's dollar," notes one Midwestern merchant.

But on the positive side, he believes, consumers do approach the shopping situation somewhat differently when it comes to frozen food:

"I think most of the others are more impulse-driven," he observes. "Impulse plays a part in our department too, but I think our frozen food purchases tend to be more planned."

If so, frozen food has more and more going for it—for today's ever-more-health-conscious shopper, there's ever more reason to plan a trip to the frozen food case. A constant stream of new products and line extensions is bringing more nutritious, better-tasting products to the supermarket every day.

And virtually constant couponing and promotions

Competition has heated up as fast as frozen entrees in a microwave. New breakfast items have taken off ... and the watchword of every supplier is 'healthy.'

THE LAST FROZEN SUPPER
D Tilly

Illustration: Debbie Tilly

have exposed more consumers than ever to the new level of quality and variety to be found in frozen food.

Still, overall category growth is up only marginally over last year, according to many supermarket merchants. They, too, are working to drive the category, albeit with differing strategies.

'No Gimmicks for Us'

Some favor the "Every-day-low-price" approach. "It seems everyone's got their gimmicks," observes Bob Edenfield, buyer for B&B Grocery Stores (Tampa, Fla.). "But we're running a deep cut program—no limits, no gimmicks and no games. Other (stores' promotions) have minimums or requirements but we've decided to offer basic everyday pricing."

B&B's deep discounts commonly run for six to 15 weeks, depending upon how the item is bought and what the allowances are.

The fastest-growing frozen food segment, he says, has been in frozen entrees with some kind of health appeal. Next in terms of growth have been breakfast foods. Breakfast foods in particular, he noted, have benefitted from sharp improvements in packaging, microwavability and taste.

Among those health-oriented entrees, ConAgra's Healthy Choice continues to lead, he notes. Healthy Choice has developed a name and reputation that help get any of its new items launched quickly, Edenfield adds.

"When Healthy Choice introduces a new item, it probably comes into the market with more impact than many other brands," he says. "Building on their entrees and dinners, they added a frozen dessert line and, further complementing the Healthy Choice name, they also introduced a breakfast item recently."

Healthy Choice's success has put the competition on notice, prompting line improvements and renewed efforts by such category initiators as Heinz's Weight Watchers brand.

A recent entrant into the fray is the lineup of Slim-Fast entrees, which seek to ride the coattails of the Slim-Fast powdered diet drink. (Slim-Fast also rolled out recently as a refrigerated pre-mixed diet drink.)

But Edenfield and other retailers voice concerns about the line's higher pricing. Retailers wonder whether even Slim-Fast's strong existing consumer franchise and name recognition will be able to support those price levels.

One area that is increasing, Edenfield says, is frozen seafood items—they've picked up within the last couple of months.

While B&B reported its frozen business was up only slightly, the gains scored by DeMoulas' Market Basket stores were significant. But they were attributable to new and expanded stores, according to Jack DeMoulas, who buys the category. The Tewksbury, Mass. retailer's new and renovated stores have replaced older coffin cases with door cases in the frozen foods department, he said.

Frozen food competes in the 'convenience' arena with deli and produce, fast food restaurants, and pizza delivery. The difference is that frozens are more of a planned purchase.

The effect has been to increase the number of facings available for the category, thereby broadening the assortment. But still, space remains a problem.

"There's been a tremendous proliferation of products," DeMoulas says. "Everyone's trying to pick up additional space. But we're maxed out. There's just no more room left. It's also led to something of a price war within some categories."

Early Heat Boosts Ice Cream

Dessert products have been generally slow, he says. But early summer heat waves drove up sales of ice cream and frozen novelty items early in the season.

But breakfast foods have been the real star, he says. In particular, Eggo mini-waffles have been performing "absolutely spectacularly," he said. Strong national T.V. advertising has, no doubt, had a hand in this product's success to date.

Also performing strongly for DeMoulas have been breads, rolls, garlic bread, bread doughs, pizzas and snacks, as well as some regional Italian food items such as Louise's pastas.

While frozen juices haven't been standouts in other parts of the nation, they too have done well for the company. DeMoulas credits the federal government's WIC program—a pre- and post-natal nutrition program—for boosting his juice sales. Helping the cause of frozen juices, he says, is the fact that the government has banned certain bottled juices from the program, pushing at least some of those sales to frozen.

At Dixieland Food Stores (Geneva, Ala.), frozen food space allocations have been increasing, says buyer Butch Bryan. Breakfast items—particularly waffles—have been showing strong growth. But here too, space is tight; the chain is rigorously deleting slower-turning items before adding introductions.

While breakfast foods as a class have been strong for Dixieland, Bryan identifies Kraft's Eating Right and Chef America's Hot Pockets as stellar performers.

Not Hot All Over

But at Nob Hill General Stores (Gilroy, Calif.), Eating Right "hasn't set the world on fire," according to buyer Sheila Beckman. ConAgra's Healthy Choice and Kraft's Budget Gourmet are continuing to outperform it, she adds.

At Nob Hill too, the jury is still out on the recent Slim-Fast entrees, which have tended to fluctuate in sales. Beckman, too, believes this "fits 'n starts" performance is related to the new line's higher prices.

Frozen desserts have slowed at Nob Hill, perhaps, Beckman speculates, because of increased competition from the instore bakery. It's breakfast items that have shown the strongest growth in the frozen food case, she says, although one of the department's top sellers is the regional Otis Spunkmeyer frozen cookie dough.

While most retailers named breakfast foods as a growth segment, the category doesn't particularly impress Dick Yates, buyer for Arden-Mayfair (Compton, Calif.).

"Breakfast foods just aren't the hot thing they think they are," he suggests. "Manufacturers have simply (blanketed) the market with a proliferation of items. But overall, they're not that hot."

Healthy Choice, however, once again comes up a winner: Yates tagged ConAgra's entrees as a sales leader. Also turning in good performances, he notes, have been items in the frozen pizza category and some frozen desserts. Yates suggests that the Slim-Fast entrees will be worth watching, and may shake up that segment.

At Autry Greer & Sons (Prichard, Ala.), any turbulence in the frozen dinners segment is expected to be caused by Kraft's Eating Right entrees. The line was added only recently, but already is showing promise, according to buyer Bill Adcox. But in this category so far, Budget Gourmet continues to be a local favorite.

Win Some, Lose Some

The breakfast segment is also growing at Autry Greer, Adcox notes. But any gains, he adds, have been offset by slower movement on frozen juices, seafood and Mexican offerings.

Here too, space is a problem. Autry Greer, which has generally grown by acquisition of stores from other supermarket retailers, operates older and somewhat smaller units, Adcox points out. Where possible, the stores have been retrofitted with upright display cases. But even that is only a partial solution, with so many new products attempting to get in.

At Brookshire Bros. (Lufkin, Tex.), buyer Doyle Burnaman observes that here too, it's breakfast items that have done well. The increase has been led by waffles, he says.

But again, Healthy Choice entrees have shown the greatest gains in the department, which he characterizes as "up slightly." Slim-Fast and the new health-oriented Swanson lines from Campbell's also show signs of potential, according to Burnaman. He attributes continuing consumer attention to healthy items for the slower movement of frozen desserts.

But even among the health-conscious, the focus has shifted, Burnaman adds: "All the attention used to be on low-calorie entrees," he notes. "But that's been changing lately to low-fat items."

—Brent Felgner

CANDY & GUM

■ It doesn't take much arm-twisting to get the average American to buy more candy. Simply making the product more visible is enough.

Such efforts contributed to an increase that drove the average American's candy consumption past the 20-lb. mark for 1990. And while candy's growth rate will need to quicken for the industry to reach its "25 by 95" goal, the increase in movement has made the category a sweet profit center.

"Candy sales have always been good to us," says Sam Crifasi, president of Hi Nabor (Baton Rouge, La.). In addition to its produce and candy section displays, the company runs endcap and floor displays during Halloween and other peak candy-buying periods. "Fortunately, we have a lot of young kids in our area," Crifasi says.

Even in areas with a quieter "echo" to the post-war baby boom, candy volume picks up substantially when holiday displays roll out. "We pretty much follow seasonal programs run through the [Wakefern] warehouse," says Art Hansen, grocery buyer for Perlmutter's ShopRites (Toms River, N.J.). In addition to half-price sales and modular pallet displays, consumers respond well to 300- to 400-count super-bags of candy during Halloween and other holidays, Hansen says.

Manufacturers say that while promotional efforts during the major holidays—Halloween, Christmas, Valentine's Day and Easter—do increase candy sales dramatically, supermarket operators may find that it pays to emulate their discount-drug competitors, with more promotion between the holidays as well.

"We know confectionery sells well during the major holidays," says Terry Freisen, a spokesman for Hershey (Hershey, Penn.). "Our Candy Carnival promotion is an attempt to create another holiday that retailers can support any time, any period when a store wants to jack sales up by promoting candy."

Other Outlets Promote More

"There's a big opportunity for supermarkets to merchandise the category like the drug and discount stores do," says Whitney Hill, a spokesman for M&M/Mars (Hackettstown, N.J.). While most retailers run

As candy makers continue to strive for "25 by 95," new packaging strategies and promotional ploys succeeded in edging per capita consumption past the 20-lb. mark.

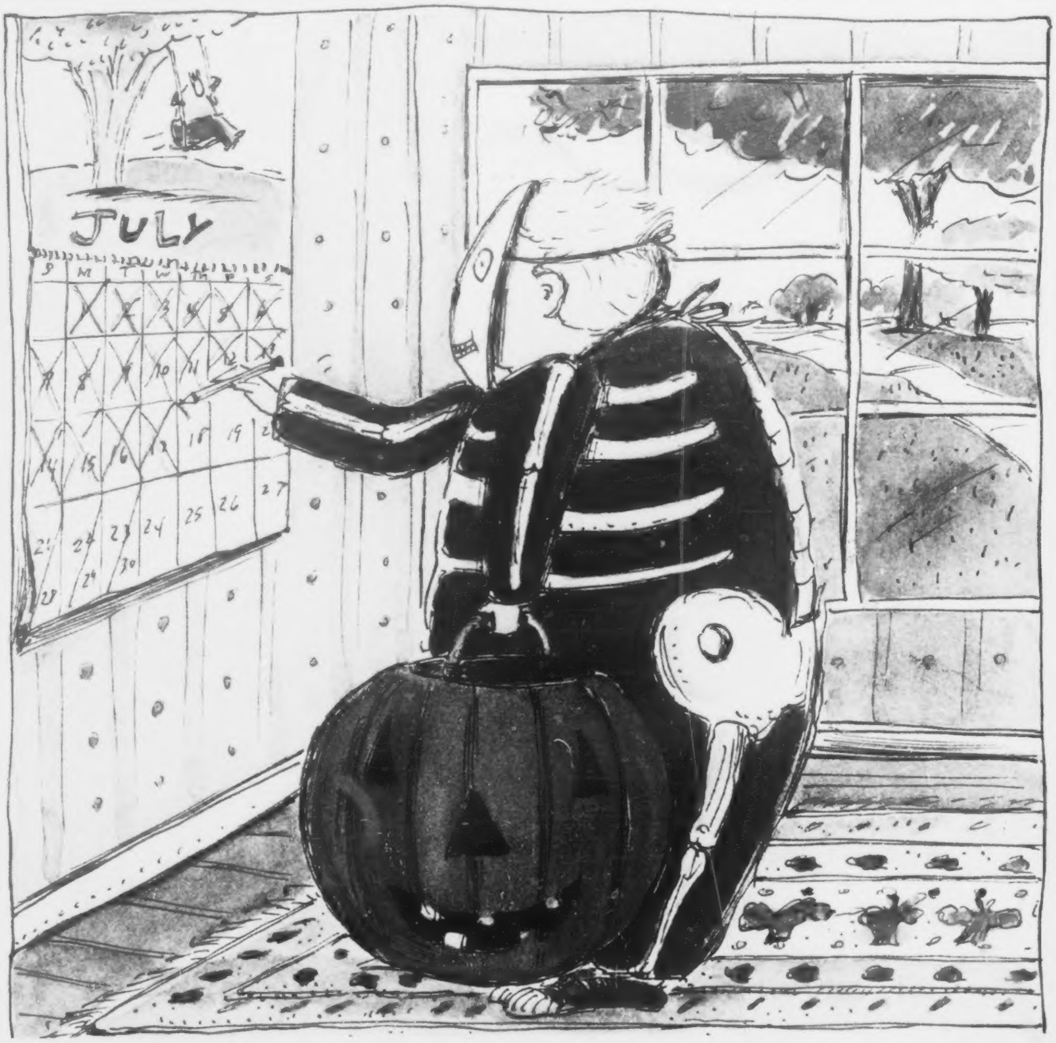

Illustration: Debbie Tilly

CANDY AND GUM

promotions with ads in store circulars six or seven times a year, "an aggressive operator would do it 15 times a year." Drug and discount competitors, he adds, often run promotions "52 weeks a year."

Both Hershey and M&M/Mars enjoyed strong success with candy launches within the past year. Hershey's Almond Kisses, introduced last September, "went beyond our wildest expectations," according to Freisen. The Kiss line extension, Hershey's first since the product was introduced in 1907, "made its way through the industry as one of the most successful product launches ever. It was fantastic from the get-go, and it remains very big."

M&M/Mars's new products contributed to an "excellent" year, according to Hill: "They've all taken off well." The new Milky Way bar, "enrobed in dark Dove chocolate," has been a big hit with adult snackers, "way above forecasts," Hill says. Snickers' peanut butter bar and M&Ms with peanut butter, which rolled national in July, also scored well with consumers, as did PB Max. Other new products include line extensions under the Skittles, Twix and Kudos brands. And M&M/Mars is currently testing its Dove Chocolate Bar in Minneapolis, Chicago and New England. That bar is priced to sell at a 10-cent premium above the 45-cent checkstand standard.

In addition to more frequent candy promotions, Hill thinks retailers may see sweeter profits in a re-juggling of front-end items. With all candy bars moving well, it may be time, he says, for retailers to ask, "Is the ratio of space allocated to gums and mints correct? In many cases, gums and mints occupy a bigger space than their share of sales deserve, as compared to candy bars."

Chocolates Lead Rise

The 1991 Consumer Expenditures Study shows a few strong growth areas under the non-chocolate umbrella, such as a 7.9% increase in sales for diet candy, gums and mints. But overall, the 6.4% sales growth for chocolate items edged out the 6.0% increase for grocery sales of non-chocolate items, leading to total grocery store sales of $950 million and $240 million, respectively.

One factor in chocolate's cheerful figures is the payoff from the candy industry's seasonal gamble—dressing up regular brands in holiday colors to increase sales. The gamble is that the sales gains will offset problems arising from a more limited window at the retail level before the product has to be marked down drastically. The success of such short-term holiday promotions was first made evident with the introduction of the Eastertime Cadbury egg in the early 1980s.

Hershey, which now owns the Cadbury and Peter Paul brands, released Mounds and Almond Joy in pastel-wrapped egg form for the first time last Easter, and Freisen says sales were hopping. "Anything we do seasonally is always well-accepted," he adds.

Offering Christmas Kisses

The company, which has also been wrapping its Christmas-themed chocolate Kisses in red, green and silver, will add Almond Kisses in red, green and gold this year. Other products that get dressed in seasonal foil include Reeses Peanut Butter Cups, Hershey Miniatures and York peppermint patties. Colors range from harvest colors in fall; red and silver for Valentine's Day; and pastel colors for Easter.

E.J. Brach (Chicago) is another company intensifying its seasonal efforts. "We're constantly striving to do anything that gives candy added value, and make our products stand out from others," says Terri Kaminski, a company spokesman.

This Valentine's Day, more women will be encouraged to buy candy for men, with items such as Brach's Sporty Heart Box, which has eight chocolate golf balls, and the popular Tuxedo Heart Box, with black felt and satin tuxedo lid. Other special promotions at Brach's include a new Easter sleeve for Andes boxes with free miniature Little Golden Books for kids.

Nestle Foods Corp. (Purchase, N.Y.) also stepped up its seasonal sales with its Toll House Merry Morsels and Rainbow Morsels. The extra color was achieved with tiny colored pellets—the same little pellets movie-goers recognize on top of Sno Cap candies.

Other Nestle promotions have less of a holiday theme, but keep sales moving year-round. They include a coupon sweepstakes back-to-school offer called Nestle Club, with a free trip to Jamaica; the Butterfinger tray-pack tie-in with The Simpsons this past summer; and an offer for Raisinets that enabled consumers to buy videos of the original Mary Martin version of Peter Pan.

Those promotions take the place of significant new product introductions. Nestle's recent new-product activity has been limited to a line extension in one of its hard candy lines, and a 10% increase in the size of its popular Crunch bar. The company's molded king-sized bars also changed to a flatter shape, to give consumers the appearance of a bigger bar.

Bigger bars, actual and perceived, may seem a good strategy to appeal to value-conscious, recession-minded shoppers. But Martin Pierce, senior vice president, marketing at Leaf, says cost-cutting isn't necessary for the impulse-driven category.

"We haven't cut our prices, and we had a price increase a year ago," Pierce says. Consumer response to the company's new 45-cent packs of Jolly Rancher brands has been "extremely good," without hurting sales for the company's 8-oz., $1.09-$1.19 bags of Jolly Rancher, Good 'n Plenty and Good 'n Fruity pegboard bags.

Planters/Lifesavers Co. (Winston/Salem N.C.) has also generated a "hole" lot of consumer interest, not only in its attention-getting Lifesavers Holes, but in its other hard roll candies as well. The bite-sized holes, packaged in Lifesavers-sized cylindric containers, were first tested in September 1989. They started rolling national this May. The company's newest flavor, Tangerine, is part of a new Variety 5-pack. A Pep-O-Mint 5-pack is available as well.

One group of categories that showed only modest increases (3.7%) last year was chewing gum, so the American sweet tooth clearly favored candy over gum. Gum sales reached just under a $1 billion in grocery stores in 1990, and $726 million through supermarkets.

Again, growth came faster to the sugarless segment, with sales increasing 4.9% compared to only 3.0% for sugared gums. —FRANK HAMMEL

Dressing up old favorites in new holiday packaging has helped make candy even more of a seasonal bright spot.

dAIRY

■ Today's milk products resemble those of 20 years ago only in that they're still produced by cows. There are now so many milks, in so many forms, that consumers can virtually purchase "designer" milk...milk designed to deliver specific flavor, health and fitness benefits.

"Dairy is a department that responds to every consumer segment in society," says Patrick Geoghegan, of the firm Stephan & Brady, which consults to the Wisconsin Milk Marketing Board, "with traditional items, including specialty items like cheeses, creams, flavored butters, yogurts, and chocolate milk; the health conscious low-fat items: the low-fat lactose-reduced, and acidophilus-fortified items; and of course with full-fat milk."

Overall, he says, "Americans are shifting purchases from whole milk to low-fat milks. Sales of low-fat milk have more than doubled since 1975, and recently surpassed sales of traditional whole milk."

This trend is seen across all classes of trade, another expert adds. "Most of the growth in milk over the last several years has been in the non-fat category, through all channels," said George DeJager of the National Dairy Board. "That's been the case over the last several years, because of a growing preference for lower-fat products by consumers."

Low-Fat is High Seller

Retailers confirm the shift. "There's definitely a trend away from whole milk," says Terry Ritchery, dairy and refrigerated foods merchandiser at Dierbergs (Chesterfield, MO). "Low-fat is now the top dog in the category. It has pretty much taken over and is growing."

"Two percent has taken over in our stores, and then it would be whole milk, and then skim milk. That's the order," says Vikki Drummond, perishables buyer at Value Food in Maryland. "It's been that way for about a year."

The reason for the shift is twofold, according to Geoghegan."In recent years, sales have been driven by health concerns," he said. "The other reason for the shift is probably price paid, because low-fat milks have traditionally been lower in price than whole milk. Over time, this allowed consumers to change their taste preferences and to accept the taste of lower-fat milk."

Skim milk is coming on as well: "Skim milk, with most of the milkfat removed, is the

The trend to low-fat continues in every part of the dairy case ... a case that contains more new items for more different population segments than ever before.

Illustration: Debbie Tilly

DAIRY

fastest- growing milk product, with 1989 consumption reaching 581 million gallons, nearly twice the 1975 level," according to Geoghegan.

DeJager of the National Dairy Board says the move away from fat-laden milks is a health-related, conscious choice on the part of consumers. Nevertheless, he said, Americans are still getting their fat in. "They are consuming as much milkfat as ever, but they're doing it in different forms," he said. "In cheese, butter, cream and yogurt, fats are up. There's been a shift to higher milkfat in ice cream. What milkfat brings to these products is a taste benefit that can't be duplicated."

Enhanced With Additives

But it can be enhanced with other flavorings and other health-oriented additives. While low-fat milks dominate the market, several niches are being filled with a flood of specialty milks, flavored milks, milks enriched with calcium and protein and even milks with reduced lactose. "Last year alone, supermarkets across the country squeezed 43 new fluid milk products into the dairy case," said Geoghegan. "There are even milks that contain beneficial bacterial cultures like lactobacillus acidophilus."

Ethnic Milk Makes Its Case

As for ethnic milk, that too is here. Farmland Dairies (Wallingford, N.J.) has introduced Leche Fresca, a higher-fat milk distributed under the Goya brand name by La Lecheria. Leche Fresca contains 3.8% milkfat.

"Many Hispanics have grown up in countries where this higher-fat milk is the norm," said Marc Goldmar, president of Farmland. "They have grown accustomed to this richer flavor, and prefer it over whole milk."

Farmland is quickly becoming a leader in this novel category. The company also produces "Goldman's Select," a kosher milk processed under the watchful eye of a rabbi to ensure it conforms to the strict dietary guidelines of Orthodox and Hasidic Jews.

Dean Foods (Chicago) is marketing Easy 2%, a new milk designed for lactose-intolerant consumers. The milk is positioned as "an affordable mainstream product for the whole family" rather than as a high-priced specialty milk.

Opens Door to Niche Items

Easy 2% could open the door to a series of products targeted to lactose-intolerant consumers,Geoghegan contends: "An estimated 50 million Americans have some difficulty digesting milk. The problem is especially acute among various ethnic groups. For example, 75% of African-Americans and 51% of Hispanics are said to be lactose intolerant. The problem tends to increase with age, so as America's population continues to grow older, the market for lactose-reduced dairy products will likely expand."

Lactaid, a Allentown, Pa.-based firm, has licensed 17 dairies in the U.S. and Canada to produce lactose-reduced milk.

Consumer concern about dietary cholesterol is also viewed as a new opportunity by some suppliers. A cholesterol-reduced milk is presently being test-marketed in the Midwest. The product is a 2% low-fat milk with 60% less cholesterol than ordinary low-fat milk. Steam is used to dissolve the milk's cholesterol.

Of course, tinkering with milk's nutritional properties is nothing new. Nutrient-fortified milk evolved in the 1930's when dairies began adding Vitamin D to whole milk to combat rickets. Today, dairies are adding "friendly" bacteria, including Lactobacilus acidophilus and Bifidobacteria.

Solids Restore "Mouth Feel"

Attempts are also being made to reconstruct some of the "mouth feel" lost from milk when its fat is removed. DeJager of the National Dairy Board said two other specialty milks have gained recognition: "Producers in California have introduced a higher-solids milk and it looks as if it has helped the consumption of milk in their borders. "It's fortified with calcium and also offers a taste benefit, because the increased solids offset the taste deficiency that comes when you take out the fat," he said.

But at least one supplier seems to believe that when the crowds go rushing in one direction, it's time to march in another. "Land O Lakes (Arden Hills, Minn.) has introduced a higher-fat milk to increase milk usage. Producers in other parts of the country, H.P. Hood in New England and Superior Dairy and Dean's in the Midwest, are producing extra light milks with 11% non-fat solids, he added.

But for true "mouth feel," nothing can compare to a good cheese. And when it comes to cheese, today's consumer is truly in the driver's seat. As with milk, cheese has matured from a bland, basic dairy staple into a multi-faceted cluster of products addressing consumer concerns regarding taste, health, fitness and convenience.

Consumers actually haven't given up their milkfat— they're just taking it in different forms ... like cheese.

Cheese's growing variety is quickly making it an all-around consumer favorite. The number of cheese products nesting in the refrigerated case is certainly at an all-time high. And a product consumer once associated with high cholesterol has done a 180-degree turn. It's now regarded as a healthy food for meals and snacks, a perception that today's new products reflect and reinforce.

Low-Fat Lines Expand

"The whole health thing is the big push," says Phil Grabfield, brand manager at Polly-O, the New York-based producer. "The three leading trends are variety, convenience and health, plus taste." Each is key to Polly-O's latest introductions.

"We re-launched our 'light' line of mozzarella and ricotta cheeses," says Grabfield. "We previously had a light cheese line that was 33% reduced fat. This is a 50% reduced-fat product." Why did Polly-O further reduce the group's fat content? "because that's what consumers are asking for," he says.

Polly-O has also introduced two shredded cheese blends: mozzarella/provolone, and mozzarella/cheddar. Both are packaged in 8-oz. resealable bags, one of the company's innovations designed to make the product easier to use.

"We're addressing convenience both through packaging and portion control, and we'll continue to look at more convenient options in cheese," says Grabfield. "And we're the first supplier in the country to introduce a fat-free mozzarella and fat-free ricotta," he claims. The fat-free mozzarella is available in eight- and 16-oz. chunks and eight-oz. shredded form; fat-free ricotta comes 15-oz. and 2-lb. sizes.

"Fat-free is the hot consumer button right now," Grabfied says. "Before, cholesterol was the concern. Now, consumers are saying excess fat is important to them and is a real concern."

Consumers Want It All

Kraft General Foods (Glenview, Ill.) is also responding to this trend, placing new emphasis on developing fat-reduced products. "Obviously, consumer demand is for great-tasting cheese products that have a reduced-fat benefit," said Nancy Nevin, manager of community relations. "This is helping us to determine where to spend our time. Consumers do love cheese and yet they recognize that healthier, reduced-fat eating is desirable."

Kraft has introduced "light" versions of some of its most popular cheeses: Velveeta Light contains one-third less fat than Velveeta; the Cracker Barrel Light Line has one-third the fat of Cracker Barrel; and Kraft has also introduced two reduced-fat versions of its Philadelphia Cream Cheese, said Nevin. "We do have a line of reduced-fat natural cheeses which are one-third less fat than natural cheeses, and a line of Kraft Free reduced-fat American singles," she added. Kraft has also released new flavors in its chunk and shredded cheese lines.

Kraft's goal for its customers is to let them have their cake and eat it too. It's just a question of balance, says Nevin. "It's important for people to know that any food can be part of a healthy eating plan. We're happy to introduce the taste benefit and the reduced fat consumers want in one product."

In cheese, the light category has taken over. "The Alpine Lace Free and Lean line has been the best thing for us," said Dave Wolf, dairy buyer at Hughes Markets (Los Angeles.) Free and Lean is a line of fat-

Continued on page 148

free, low-cholesterol shredded cheeses distributed by First World Cheese (Maplewood, N.J.). Also popular is Light N' Lively Free, a 99% fat-free cottage cheese.

Some retailers are even offering their own cheeses. "We've gotten away from branded items and have offered a non-branded type of product that has been successful for us," said Ritchey of Dierbergs.

Observers say cheese's growing popularity as a snack food has dented yogurt's sales. But that hasn't stopped yogurt producers from jumping on the fat-free bandwagon with a series of new mixtures.

Fat-Free Yogurt Stars

Dannon Light, a fat-free yogurt introduced in late 1989, has grown to become the number one performer in its category, said Becky Ryan, director of strategic planning at the White Plains, N.Y.-based company. "It has been a huge success," she says of the aspartame-sweetened product. Following the success of light yogurt, Dannon last year introduced a fat-free blended yogurt.

In 1990, Ryan said, yogurt's growth "slowed, primarily due to rapid expansion of other healthy meals and snacks, both in the dairy case and outside."

But to put things in perspective, it must be noted that for yogurt, the 1980's will always be a tough act to follow. Over one billion pounds were sold in 1988, according to Dannon. Sales almost doubled in a six-year period.

But the consumer's penchant for light, convenient meals that deliver a powerful health benefit plays right into yogurt's bowl. And producers are keeping abreast of the latest vogue in the dairy market with several blended yogurt flavors.

"We think the outlook for yogurt is very good," Ryan says. "It has a history (in the consumer's mind) of being very good for you. And not only is it fat free, it has the benefits of live and active cultures which cheese doesn't have," she said. "Today, over 85% of all yogurts sold are classified as low-fat or non-fat."

Other light yogurts now in the dairy case include Weight Watchers' Ultimate 90 and Breyers' low cholesterol and fat free/low cholesterol offerings.

Despite falling prices, high profitability and an identification as a "natural" product category, butter as a whole is still performing below expectations. "Butter products are down in our stores," says dairy buyer Dave Wolf of Hughes Markets.

A Profile Problem?

Retailers' reports of low butter sales may be tied to the product's low profile in the dairy case, says the Dairy Board's DeJager; retailers are either unaware of or simply not reading the available statistics. "Butter's sales were up a little over 5% in 1990 over 1989," he said, "but stores are still adding new juices and margarines to the case.

"The most profitable dairy products in the case are butter and milk," adds DeJager. "(But) butter is still under-represented (particularly when compared to margarine) in the dairy case."

Of course, consumer concerns for high-cholesterol animal fat may have had something to do with slower butter sales, too. To help allay these concerns and still give them that great butter taste, manufacturers have developed new "blended" formulations.

Land O Lakes, (Arden Hills, Minn.) is attacking the "light" dairy category with Country Morning Blend Light "spread" (a mixture of vegetable oil and butter), featuring less fat and cholesterol than butter or margarine. The company is also test-marketing a new light butter, said Bob Jodan, vice president.

More Space Might Help

But Jodan, too, says butter's performance is dependent on the space retailers provide for it. "We've been pleased with our butter sales, but it's been a question of whether the good-selling butters have adequate shelf space."

But it's margarine that's the action category, contends Mark Goodfriend of Van den Bergh Foods (New York City). The butter/spreads/margarine category is broken down in several ways, Goodfriend says. "Butter and margarine have been declining, and spreads have been growing in terms of total unit sales.

"Within the margarines and spreads, the growth has been in 'light' and easy-to-spread products. Blends have also been growing. The trend is away from butter and fuller-fat margarines because of their cholesterol content. Instead, consumers are moving toward the soft forms of margarine because of their lower cholesterol. These soft margarines also are often more convenient.

"Today," Goodfriend says, "the leading trend driving consumer choices in butter, margarine and spreads is overall health consciousness. They're reading the labels to check the quantity of fat and oil, and they're also determining what type of oil is used in the product to compare the saturated fats contained in different types of oils. Price is a consideration as well.

> **Consumers are reading labels to check the quantity of fats and oils, and also just what kind of oil is in the product.**

"Our whole approach to the category has been to go toward the trends. The soft margarine forms are more profitable per unit than stick margarines or spreads. Depending on what area of the country you're talking about, they're also 20 to 40 cents higher in price.

"It is true that there have been a great many new margarine entries into the dairy case in the past few years. But a lot of them have been in the higher-priced segments. The new products are both in the blends and health-related categories. There are also a lot of new soft-form margarines and margarines in niche categories. In other words, we're not seeing a race to come out with another 59-cent stick of margarine."

Margarine, Butter Related

Goodfriend points out that the butter, spread and margarine categories are interrelated. "Butter is usually higher-priced than margarines and spreads, and is thus more profitable. But butter accounts for only about 15% of the sales in the category. Also, butter's been declining about 8% a year for the past few years, except for a small bump-up recently. Together, the butter/margarines/spreads category is typically the third or fourth largest in the dairy case."

Egg sales are also declining, say retailers, primarily due to their identification with high cholesterol levels.

Cholesterol notwithstanding, the milk cooler was the bright spot in the dairy case last year. Milk sales were up 9.7% over 1989's level. This is significant since milk sales were over $4.5 billion last year, making it one of the largest-selling categories in the store.

Milk, like many of the other products in the dairy department, has managed to overcome the stigma of cholesterol by marketing alternative products. In the case of milk, the sales gain is a combination of more milk being consumed across the board, and switching from whole milk to reduced fat or skimmed milk.

The introduction of many new lower fat, lower cholesterol and low sodium products has also helped the sales of cheese. Both natural and processed cheese products enjoyed double-digit sales growth last year.

Natural cheese increased 11.8%, and processed cheese went up 10.4%. Since both these categories have supermarket sales of very close to $2 billion, their increases are a real boost for the department.

A big reason that the department saw a 5.7% increase in sales last year was the contributions made by its non-dairy based segments. Refrigerated juices and drinks, which is an almost $2 billion catgeory, saw sales increase by 9.1%. This was due primarily to the 10.1% gain by the powerhouse product of the section—orange juice.

With the exception of the poor pickle, every other refrigerated specialty product increased sales in 1990. Newer products, such as refrigerated salads, entrees, puddings, pastas and dips all saw their burgeoning sales bases expand last year.

So, too, did more established dairy case products such as refrigerated dough, which enjoyed a 7.5% gain in sales.

Variety and convenience, retailers predict, will keep the refrigerated case a source of consumer interest in the coming years. As more prepared foods and reduced-fat dairy products go into it, grocers should be pulling more sales dollars out of it.

—HOWARD REILL

GREETING CARDS

Greeting cards are still growing, and no less a nonfoods star in supermarkets. But supers still capture just 20% of total card sales. Here's what's being done, both to grow the market and capture more of it.

■ Supermarket greeting card sales grew by about 9% in 1990, according to SUPERMARKET BUSINESS's 1991 Consumer Expenditures Study. While that number signifies a nice sales gain, it also represents a mixed message. The category's growth rate has slowed from the double-digit pace of the 1980s. But it was still fast enough to outpace growth in all outlets, which ran at about 6%.

Yet, while supermarkets are getting more greeting card dollars, they're not getting nearly as many as should be possible. Only 20% of all greeting card sales are made by supermarkets and last year, greeting card makers estimated that only 10% of supermarket shoppers bought cards at a supermarket.

"A shopper buys a greeting card about once every seven times they visit a supermarket," says Dan Moraczewski, vice president of sales administration for American Greetings (Cleveland). "What we have to do is to remind shoppers to come through the greeting card department. We say that forgetfulness is our biggest competitor. There's always some reason to send a greeting card. We have to remind shoppers to take a moment to shop."

"We need supermarkets' help," says Ward Fendley, manager of supermarket accounts for the Ambassador Cards division of Hallmark Cards, Inc. (Kansas City).

"Sometimes you just need an arrow to remind customers that greeting cards are there in the store and perhaps signs to remind them that Mother's Day or Father's Day is coming," American Greetings's Moraczewski adds.

Variety: A Key to Success

But consumers often are resistant to changing their shopping patterns. This is something with which supermarket operators have dealt while adding delis, bakeries and other departments. But greeting card buyers can be an even tougher sell. Many are convinced that supermarkets just don't offer the level of selection that card shops do.

So, to build sales, supermarkets need to do more than simply stock a nice card section. They have to confront customers not only with quality, but with variety.

"Ideally, supermarkets should set a trend from the opening on, developing the most attractive way to promote greeting cards," says Fendley. "The big thrust is making sure

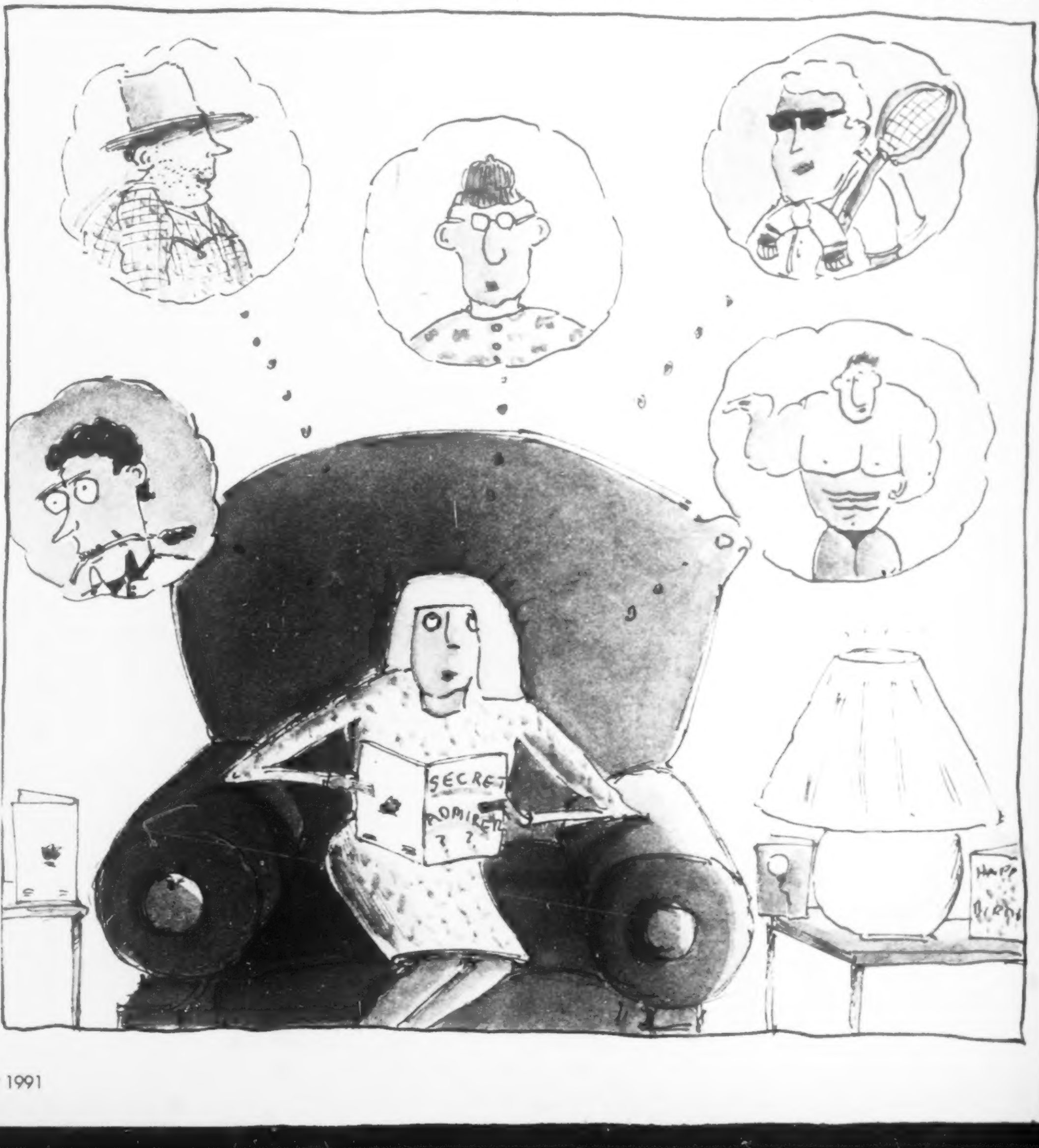

Illustration: Debbie Tilly

GREETING CARDS

customers develop a relationship with the card shop. There has to be an extensive selection. They have to want to spend time there. We work with our customers on department location in the store, to ensure that it's placed somewhere shoppers have some privacy so they have a couple of seconds to shop the display."

Success in greeting cards does require some sensitivity to the intangibles, such as presentation and ease of purchase. Who would buy something as personal as greeting cards in a shop that looks as though personnel doesn't care?

"If you want to get customers, and want to keep them coming back, the section has to be nice, well identified, and if somebody wants a birthday card, it has to be easy to find, which comes from good signage and identification of product," says Peter Shapleigh, vice president for business development, East Coast, for Gibson Greetings, Inc. (Cincinnati).

"What we're doing is trying to come up with better locations, better signage, better point-of-purchase material. We're also doing a lot of outposting. There are so many sales to be had around the floral and bakery departments. We're also offering cards on clip strips so they can be merchandised for additional sales anywhere outside the section."

Goal: A "Destination" Section

The ultimate goal is to make greeting cards a destination department, and to make supermarkets one of those stores that immediately come to mind when consumers think of greeting cards.

Fortunately for suppliers, at least some supermarkets are on the same wavelength. "Greeting cards have always been important for us," says Rob Boley, director of public relations for Fred Meyer, Inc. (Portland), which is a top greeting card purveyor in its Northwestern markets. "To make it work requires a good layout so people can find cards easily, and variety. Customers have to be confident they will find a good selection."

Another challenge for operators is protecting their margins while staying competitive. For today, as with HBA, greeting card prices are coming under pressure from aggressive competitors. For example, Phar-Mor, the deep-discount chain, slashes prices of its greeting cards as much as 50 cents below the listed price, as a major selling point for its stores.

But, of course, supermarkets can use their customer frequency to their advantage.

To take maximum advantage of the consumer's frequent trip to the supermarket, cross-merchandising is crucial, says Fendley of Ambassador. "If there's a promotion in the floral department, for example, it makes sense to have other high-margin products around. Giant does a big push with outpost displays, and Safeway is big with them."

'Forgetfulness is our biggest competitor. We all need to be constantly reminding people to send a card to someone.'

But care must be taken that cross-merchandised cards and outpost sections aren't mistaken by consumers: "Greeting cards have to be well-signed wherever they appear, but it's especially important for outpost displays in other product sections," says Fendley. "It's important, for example, that customers realize an outpost isn't the entire greeting card selection. So, in many cases when we're running outposts, we'll be running a promotion to get them over to the main card department as well."

Greeting card promotion is also important, but as in any other category, works best when tailored to the retailer's own merchandising philosophy. "It's got to make sense to the store strategy," Fendley says.

To that end, he adds, an increasing amount of effort at Ambassador is aimed at adapting promotional programs to conditions of different stores.

Seasonal Promotions Expand

A smorgasbord of promotional opportunities from which to choose can make this easier...indeed, ensure that promotion happens at all.

"Of all our promotions, our Season Plus program offers the best opportunity right now to attract customers into the greeting card department," says Fendley.

Introduced for Valentine's Day in 1990, the Season Plus program originally covered four other holidays: Christmas, Easter, Mother's Day and Father's Day. For 1991, St. Patrick's Day, Graduation, Halloween and Thanksgiving have been added. The promotion package includes highly visible graphic displays featuring the theme artwork for that year. Last year, Peanuts characters were featured. This year, it's Norman Rockwell paintings.

American Greetings, too, has strong seasonal programs, says Moraczewski. "A strong overhead graphics program is one way to bring customers into the section. If customers are coming in for other seasonal items anyway, you need a reminder about the greeting department."

American Greetings and Ambassador both offer everyday card promotions, as well. American Greetings puts somewhat more emphasis on everyday cards, under the umbrella name "Forget Me Not," while Ambassador keys on seasonal.

American Greeting has increasingly offered "niche" cards designed to appeal to specific customer groups. For example, over the last year the company has boosted its "78th Street" card line, which features messages designed to be sent by women to other women. The company also has introduced a Forget Me Not line called "Just Thinking of You" to build on its successful "Couples" everyday card line.

Card Makers Chasing Men

"Couples" is in part an attempt to convert men into more-frequent card purchasers. "Men are in supermarkets more today, so you have to capture their business as well," Moraczewski explains. "About 22% of shoppers who buy our Couples cards are male, which is better than our normal ratio of 90/10 for female versus male, buyers."

Among other card manufacturers, Sangamon (Taylorville, Ill.) in June introduced "I Just Want You to Know," an everyday line grouped into three lines: care and concern; love; and friendship.

Other new product lines introduced recently include Forget Me Not's "Nature's Treasures," which is aimed at environmentally concerned consumers. The new product line was created in association with the National Wildlife Federation. The company touts it as the first recycled product from a major greeting card manufacturer.

Recycled Paper Products, Inc. (Chicago) has also been energetically introducing greeting cards for the environmentally conscious. The recycled paper content of the card is the aspect of the line most aggressively touted to consumers.

And for the politically conscious, there's now "American Greetings to the World," an "international communications program" launched this year by American Greetings with the cooperation of the United Nations. As initiated, the program included point-of-sale displays in stores providing sign-up postcards that could be mailed to the company to arrange "pen friends" around the globe for interested Americans.

Ambassador, for its part, has no intention of surrendering the everyday card business to its rivals. In December, 1990, "My Thoughts Exactly"—identified by the company as its most successful card line—was switched to recycled paper. And in August of this year, Ambassador started shipping its "Primor" greeting cards. The new line was developed for the Hispanic market, and will be fully available by next year with more than 1,200 everyday and seasonal designs.

Ambassador is not the only company to produce greeting cards in Spanish; the Hispanic market is a specialty of Gibson Greetings. Gibson recently launched "Humor," a line of light-hearted cards that has proved especially popular with affluent Hispanic consumers.

Developing successful niche markets means creating a team of people who really understand the group being addressed, says Sam Facciolo, vice president of business development- special markets for Gibson.

Key: Know Culture Nuances

"Our approach has been to make an investment in the product and in Hispanic people who understand the market," he says. "Basically, that's

Continued on page 190

HEALTH & BEAUTY AIDS

■ Last year, health and beauty aid products recorded a 5.5% increase on sales of almost $14 billion, according to the 1991 Consumer Expenditures Study. Some blame the recession for this meager gain; others point to increased competition. Nonetheless, this sector remains firmly entrenched as one of the most profitable areas for supermarkets.

While many chains allocate less than 5% of shelf space to these products, HBA items generate a much higher percentage of a company's profits. And industry sources say a growing number of customers consider supermarkets their primary source for HBA items.

"Americans are becoming accustomed to finding their health and beauty aids—from vitamins and razor blades to sinus remedies and hair care items—in the same store they buy their meat and potatoes," reports Johnson Sico, retail pricing manager at Waldbaum's Supermarket in Central Islip, N.Y.

So what are the buying trends and important developments within the key categories? Some answers:

Hair Care: Staying Even

Shampoo sales are running stride for stride with 1990's modest growth numbers, which increased about 2.6% over 1989's figures. Shampoos and conditioners represent more than $1 billion in sales. Sprays and fixatives add close to an additional $500 million to this market.

"The recession had a lot to do with the scant increase," says Gene S. Ringuette, vice president of sales at DowBrands Personal Care division (Minneapolis). "People are not as liberal with usage. They'll stretch a bottle of shampoo a lot longer than they did two or three years ago."

This year, attempting to add body and shine to the bottom line, several hair care companies introduced or restaged so-called two-in-one products, which include shampoo and conditioner. For years, these products have been selling well in Europe and Japan. Sales of these products are expected to be strong here, because they're convenient and help save time, Ringuette adds.

In addition, in January DowBrands restaged Perma Soft to address different stages

HBA weathered intense competition to post a modest sales gain last year. Even better news is that, more than ever, consumers are turning to the supermarket as their primary source for these products.

Illustration: Steve Sweny

of the perming process. Perma Soft is a shampoo, conditioner and accompanying fixative line for women who have perms or any kind of damage to their hair. Since it was introduced in 1984, Perma Soft has been steadily increasing its share of the market. But since the restaging, sales have increased more quickly ... up 8% over a year ago. And market share is up .4% in conditioner and .3% in shampoo.

The growth rate in fixatives has slowed due to changing hair styles. Nonetheless, L'Oreal, which was the first to hit the market with a mousse in the '80s, is among those companies that has stepped up its efforts to promote fixative products.

The low-end hair spray market has seen little growth due to a flurry of competition that is keeping prices at or below a dollar per unit. Much of that competition is coming from the rapid increase in nonaerosol spray products, developed in response to consumers' growing concern for the environment.

Most other hair care products showed good performance: Conditioners and rinses increased 1.5% to $255 million; hair setting products recorded $111.9 million in sales, up 8.5%; hair coloring products turned in $106.5 million in sales, with no gain.

'Permanents': Cutting Edge?

Last year, Gillette's launching of the Sensor razor was the big news in the blade business. Gillette spent $35 million on its advertising program, according to W. Scott Roberts, then vice president of brand marketing for Gillette (Boston).

This year, Schick received much of the attention as it launched Tracer. Category director Jack Voller said that while the company focused most of its advertising efforts on promoting Tracer, "we emphasized disposable systems in many of our campaigns, as well."

Sales of Schick disposable blades are holding steady, Voller says. "I think retailers should watch their shelf space carefully, because they will notice a further decline in some of the older systems. But disposable razors should continue to fare well."

Schick, which launched Tracer by packaging the product with a redeemable coupon equal to the system's value, will unveil other promotions designed to push the product on the market faster. "The coupon is effective because it generates instant income for the retailer," Voller said.

Hope Patents Prevent Challenge

Gillette and Schick have patents on their respective permanent systems, and thus hope that no other company will challenge them in this area. The companies also hope for as much retail support as they can get.

"Retailers should emphasize the value of permanent systems because this is the way the industry is going in the future," Voller suggests. "They are not only leading the market expansion, but they offer the best gross margin opportunity."

Disposable blades make up about 55% of the blade market, down 2% from a year ago. Gillette's Good News remains the country's number one disposal blade and is not expected to be hurt by the introduction of the premium systems.

For 1990, razor blade sales increased about 9% to $800 million in all retail outlets.

Overall, the catch-all toiletries category is in a slowdown mode, mirroring the anemic performance turned in by deodorants, one of the key items in this category. Stick products continued to show only modest gains.

Until a year ago, the mouthwash category was enjoying rapid growth, fueled largely by the introduction of plaque-reducing products. But sales have flattened, due partly to questions about the medical claims made by manufacturers about these products.

"The clinical data on products that claim to reduce plaque and gingivitis are still up in the air," says Glenn Rudberg, brand manager for the Cepacol/Oral Care consumer products division of Marion Merrell Dow (Cincinnati). Rudberg believes there will be a "shaking out in the industry." As a result, Cepacol, which has been on the market for 52 years, is not expected to break Listerine's 30% market share any time soon, he says. But a one-for-two product strategy employed recently has helped increase sales.

"We offered retailers deals that enable them to get one bottle free for every two they sell during a certain time period," he says. "This offer enables retailers to price our product as they see fit; it puts the retailer and the manufacturer on the same team." Rudberg says products that have been on the market for many years will fare well in this environment.

Despite general success with HBA products, many supermarkets fear the increasing competition from aggressive price merchandisers.

The people at Warner Lambert, which markets Listerine, whose household penetration is up 15% in the past four years, would agree. A joint promotion earlier this year with Colgate toothpaste and toothbrushes highlighting Listerine's therapeutic benefits reportedly proved the truth of an old saying: When two recognizable names come together, favorable results are seen on the bottom line.

"According to our internal research, the promotion helped to increase sales in the entire category for many of our retailers," says Susan Jacolow, Warner Lambert's product manager of Listerine and Listermint.

Family planning—or, more accurately, *non*-family planning—was a good performer, standing out on the otherwise uninspired toiletries team.

Supermarkets have increased their sale of contraceptives by one-third in the past seven years. Curiously, baby care items are also up, by about 8% in the past year alone, after several years of relatively unimpressive growth.

Apparently, all those contraceptives didn't work too well.

Skin care sales were up a modest 3.4%. But manufacturers are biding their time, expecting that rate to increase throughout the decade as baby boomers pass into their late forties and fifties, and begin searching in earnest for quality skin care products ... and more of them.

Meanwhile, the boomers—and more and more cautious consumers of all ages—are increasingly doing what they can to forestall sun-induced wrinkling and worse: Suntan/sunscreen sales have registered double-digit sales growth in each of the past four years. Supermarkets alone have accounted for more than 18% of all sales of suntan lotions and oils. Retailers who give these products quality placement on the shelf and invest the most advertising dollars are said to be the big winners in this area.

Concern for Competition

Despite their success with HBA products in recent years, many supermarket retailers are concerned about increasing competition from aggressive price merchandisers such as mass marketing giants Wal-Mart and K mart, deep discount drug stores such as Phar-Mor and Drug Emporium; and wholesale clubs like Price Club.

Their concerns are not groundless. Last year's Food Marketing Institute study of consumer HBA buying habits and shopping attitudes indicates that supermarkets are potentially vulnerable to these outlets.

"There's an increasing awareness among shoppers to do better on price," says Willard Bishop, president of Willard Bishop Consulting Limited (Barrington, Ill.). "The challenge facing supermarkets is how to compete more effectively without dramatically reducing their own prices."

An FMI study conducted by Bishop Consulting is expected to provide some answers to this question. Bishop says that his organization will have interviewed over 1,800 consumers to complete the report. It is scheduled for release next month —Dom Del Prete

PET FOODS

■ Ironically, a sluggish economy may have given supermarket pet food sales a boost.

Many consumers are no longer buying the pricey foods sold by pet stores and veterinarians, dog- and cat-food manufacturers say. Instead, Kitty and Fido are eating supermarket varieties.

And what America's animals are finding in their food bowls is not just super-premium foods like Kal Kan's Expert or Purina's O.N.E. Private-label pet foods have suddenly recovered their strength, after having been declared dead only a few months ago.

"While super-premium branded products continue to sell well, many supermarkets are relying on their own private label brands for a good portion of sales," says Michael Milone, vice president-marketing for Heinz Pet Foods (Newport, Ky.).

"These tend to be lower-priced items, and are doing well because people are still apprehensive about the economy."

The trend is confirmed by supermarket retailers. Says Richard Vitabile, grocery buyer for Twin County Grocers (Edison, N.J.), "Everything has been selling cheap, with many chains having locked in prices throughout the summer. Dog chow and cat food products are selling very inexpensively now."

But it isn't just the allure of cheaper foods that has attracted shoppers back to the supermarket pet foods aisle. Thanks to new premium pet food introductions, consumers don't need to make an extra trip to the pet store to feed their dog or cat well.

"Pet food as a whole is increasing for us," Vitabile notes. "Cat food is growing faster, especially the new cat food products and specialty care products that are now available." Profit margins on super-premium brands are generally higher than those offered by regular pet food offerings, he adds.

And now that many higher-spending pet food shoppers seem to be back, supermarket pet food suppliers intend to keep them there. Even if consumers' goal is, temporarily, to buy cheaper products, manufacturers hope that exposure to the new premium lines will convince shoppers to remain

'If the supermarket is good enough for me, it's good enough for the cat.' Today, that seems to be what more consumers are thinking, as they abandon pricey pet-store foods for brands available in the (people) food store.

PET DIET PLAN
S.S.

Illustration: Steve Sweny

PET FOODS

even after the economy recovers and they begin overindulging their pets once again.

Sales Had Shifted Away

Indeed, with brands such as Iams and Science Diet being sold from veterinary offices and specialty pet stores, supermarkets and their suppliers saw growth in the pet food segment shift from grocery shelves.

In 1990, grocery store pet food sales barely increased, according to the 1991 SUPERMARKET BUSINESS Consumer Expenditures Study, posting a gain of just 0.7%. And that was thanks to price increases—according to manufacturers, tonnage actually slipped 0.5%.

As an all-outlet total, pet food sales growth was slightly better, up 1.2%. By contrast, 1989 sales growth for grocery outlets was 6.1%, versus 6.6% for all outlets.

Today, while manufacturers introducing premium and ultra-premium brands acknowledge that the poor state of the economy has affected their sales, they're optimistic about the long term.

For one thing, their customer base itself continues to grow. The dog population rose to 54.5 million in 1990. The cat population increased to 63.2 million, and is expected to continue grow. And while pet food has become a highly competitive category, supermarkets still dominate sales, doing about 65% percent of the pet food business, according to the 1991 Consumer Expenditures Study.

So, manufacturers have continued to bet on the category ... and on the super-premium segment thereof. Besides Experts and O.N.E. there are Heinz's new Reward products and Quaker's "advanced formula" Cycle brands.

The result is a great deal of competition in supermarket aisles for premium-pet-food space, as manufacturers vie for shelf share as well as for their share of the consumer pet food dollar. These new products are designed to appeal to those consumers who buy based on the recommendations of their veterinarian, or from the specialty pet stores.

Future is A Question

The question is, which supermarket pet foods will actually prove competitive with the veterinarian and pet store products after the economy picks up? Quaker, which makes Cycle pet foods, has acknowledged it was slow to react when pet owners started purchasing nutrition-oriented pet foods.

But Quaker was by no means alone; other companies are playing catch-up, too: To recapture business lost—or business never gained—manufacturers are now reformulating just to win back lost ground.

The long-term success of super-premiums depends on whether consumers see a positive difference between them and regular pet food ... and a parity between them and pet-store super-premiums.

But it wasn't just business lost to pet stores that tipped some manufacturers off, and got them into the super-premium business; it was the trend across the supermarket toward more upscale products. According to Pat Farrell, a spokesperson for Ralston-Purina (St. Louis), "We fancy ourselves as having been the company that introduced super-premiums with a more dense nutritional item. It was the first time it had been done.

"We went into the stores, and saw that super-premium products were prospering across all categories, not just pet foods. We extended that same thinking into the pet food aisle."

New competition from other manufacturers will be a good thing, not a bad thing, he notes—its likely effect will be to grow the entire super-premium category, as advertising and marketing supporting supermarket introductions gets consumer attention, raises their awareness, and legitimizes the whole concept in the minds of more and more shoppers.

To be sure, it was the specialty pet shops that paved the way. Observes Heinz's Milone, "The way people approach and buy pet foods is changing radically. In the last few years, we have seen the high-nutrition-image dog foods booming in sales. And that is reflected in supermarket aisles in super-premium offerings for dogs and cats."

All Things to All Outlets?

For its part, Ralston-Purina is hedging its bets, with products that are sold in outlets competing with supermarkets...Purina ProPlan, for example, which is sold through pet shops and feed stores.

To some extent, the degree to which a product segment such as super-premium achieves consumer acceptance is a function of how much time it has been on the shelf, observes Dick Curd of Carnation Pet Foods (Los Angeles). The success Carnation has enjoyed to date, he says, is partly the result of getting into the super-premium segment early. "Because of that, we lead in several areas: 6-oz. cans of cat food and in 3-oz. pop-top cans under the Fancy Feast label.

"With dog food, we are number one with Mighty Dog in small cans, and we're leading in the chewy treat product category with Cheweez."

Purina's Farrell reports that his company has tested a line of some 20 new products in Western markets. The line was then culled, with five products retained for a national rollout—a dry dog food, a "light" dog food, a puppy food product, a new regular cat food line, and a kitten food product.

Purina's approach to the trade was to share with supermarket companies the results of the test, to assure buyers and merchandisers that the product would sell. "After we developed the product, we went back to the supermarket trade and told them people were willing to buy these products, that we had already proved it," Farrell says. "And we knew we could make it work in the supermarkets."

Not A Winner Yet?

But not everyone is persuaded that super-premium is the new direction in supermarket pet food. It's premature, says Twin County's Vitabile, to predict the success of these new products in the marketplace with the economy in its present condition. Faced with a contracting economy, people are less brand-loyal...and whatever is on sale sells best, he observes.

Still, he adds, "Purina's O.N.E. is doing fairly well, and so is Quaker with the restaging of its dog and cat food lines."

How well super-premiums ultimately perform and how large a share of supermarket pet food sales they command will depend on how well the manufacturers "sell" the concept of a quality difference between super-premium and regular supermarket pet food...and quality parity between supermarket super-premium and pet shop/veterinary super-premium.

Among consumers, there's still the perception that super-premium pet store brands are superior to grocery store brands.

That's a fallacy, says Purina's Milone. Some pet store brands do offer extra nutritional benefits for specific animals, he acknowledges. But even among grocery store private-label pet foods, there are no broad-based nutritional deficiencies, Milone adds

As for the super-premiums, he says, they're "not necessarily higher-nutrition products, but rather quality foods that are highly digestible."

They also tend to appeal more to both owners and the dog or cat...a matter of no small importance, he points out. "Grocery store sales depend on appearance, smell and animal gratification," he says. "If the animal doesn't like it, consumers won't buy it again."

Most veterinarians agree there is no evidence that any of these high-nutrition brands contribute to healthier or longer-lived pets. But some consumers, at least, seem to be more than willing pay a higher price for food they perceive to be better for their animals.

Size, Not Market, in Question

So if its size is still in question, there remains no doubt that a market for super-premiums exists. But if supermarkets are going to compete effectively for it with outlets such as veterinary offices and pet stores, they'll have to make a concerted effort to support the message their suppliers are trying to convey to consumers, manufacturers say. As manufacturers develop more of

Continued on page 196

PHOTO SUPPLIES

■ As a total category, photo supplies and processing grew by 5.9% in supermarkets during 1990, according to this year's SUPERMARKET BUSINESS Consumer Expenditures Study.

That growth was boosted by a 10.8% increase in processing revenues, and a 7.3% increase in still camera sales. But it was hampered by a marginal 3.8% rise in film sales. And flashbulbs and cubes, long a declining category, slipped 10.4%.

On a positive note, photo supplies' supermarket growth outstrips growth in all outlets. For example, processing revenues in all outlets increased about 7.9% in 1990, 2.9% less than in supermarkets. Camera sales grew about twice as quickly in supermarkets as in all outlets, while even supermarket film sales were outstripping the all-outlet growth rate, which was only 2.3% in total. For the whole photo supplies and processing category, sales in supermarkets increased by about .6% more than in all retailers.

Even a cursory examination of those numbers indicates that supermarkets offering a full-service photo department are most likely to enjoy the strongest photo supply sales growth.

Not long ago, a half-dozen J-hooks at checkout provided almost all supermarket photo sales. But as supermarket operators became more interested in expanding GM sales, processing operations offered immediate opportunities for line expansions.

And some supermarkets began to pursue a one-stop shopping strategy; photo became even more critical; and the idea that one supplier and a few SKUs could satisfy everyone began to seem dated.

Now, supermarkets deeply involved in GM recognize they are competing for dollars category-wide. The retailers that enjoy the great majority of incremental dollars spent on film will be those that offer a range of products and related services.

According to film producers, the strongest photo programs always include some form of film processing. Studies conducted by Eastman Kodak Co. (Rochester, N.Y.) show why, according to Gary Briddon, manager of food and drug markets.

Minilabs: Eye-Catching

"We look at a ratio we call retention rate," he says. "If a retailer sells 100 rolls, how

With minilabs raising the profile of supermarket camera departments, processing sales led the increase in food store photo sales ... and food stores led all outlets in growth.

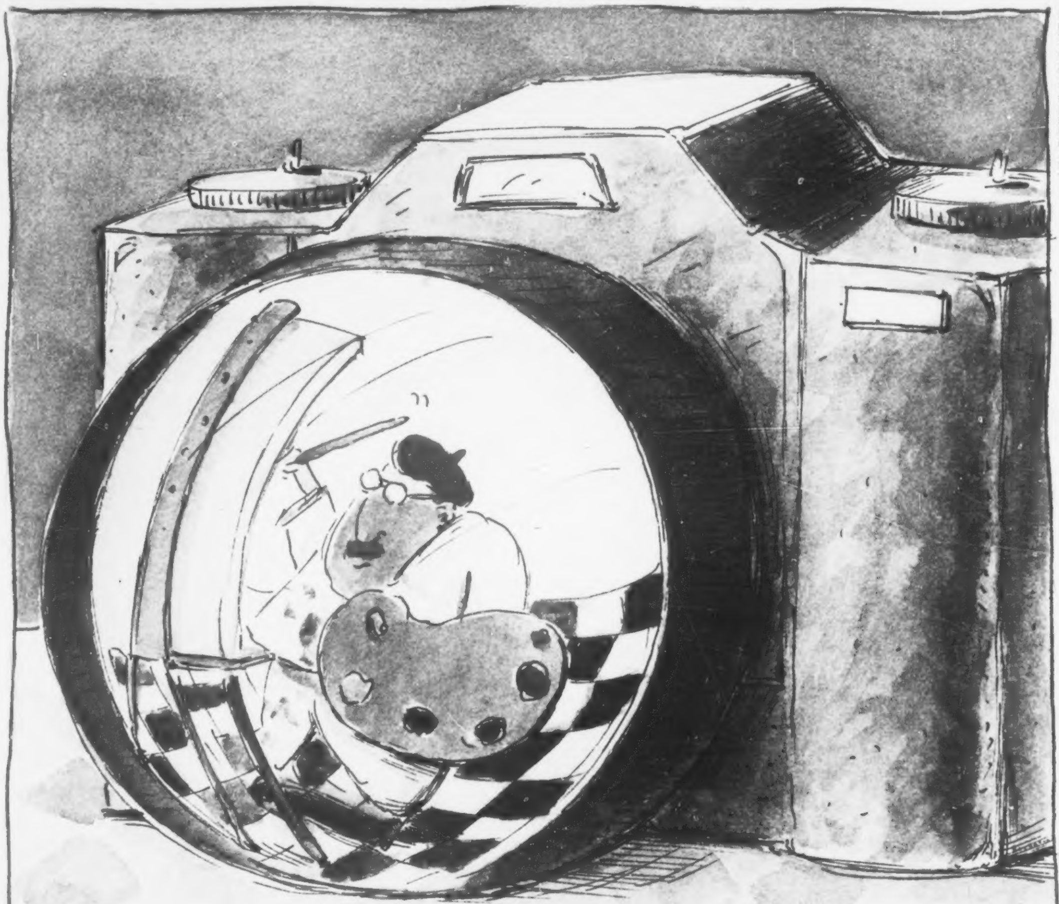

Illustration: Debbie Tilly

many come back for developing? At a good drug chain, the product that comes back is in excess of 100%. Anything over 100% has to come from other outlets, including supermarkets. I was at a chain supermarket operation with minilabs and full photo departments in about a third of its stores. The units with labs exceeded 100% with their retention rates. But the chain overall has a retention rate in the 50s."

Kodak offers supermarkets various minilab support programs, even though it has gotten out of the minilab business. "We're no longer in the hardware business," Bridden says. "Instead, we've focused on the strength of our paper and chemistry. But we provide technical support, including training; environmental consulting to help retailers cope with issues such as discharge regulations; and a technical assistance line with an 800 number. We'll even dispatch someone if we can't solve the problem over the phone."

But processing revenues themselves aren't the only way supermarkets profit from full-service photo departments: "The visibility of minilabs and microlabs in supermarkets is driving film sales," says Rod King, senior marketing manager, photographic products division for Fuji Photo Film U.S.A. Inc. (Elmsford, N.Y.). "Any supermarket interested in photo supplies should really look into minilabs. It's as much about perception as a substantive issue. Consumers see minilabs and are convinced a retailer's serious about the film business. It has an impact on all purchases of photo supplies."

Concept Intimidating?

So why doesn't every store have a minilab? Minilabs aren't always practical. But even in cases where they might fit, many operators continue to resist adding still another department, especially one they may feel unprepared to operate.

"Supermarket executives used to look at the film processing business in food operations and say that any successes were the exception rather than the rule," says Mike Lammers, marketing manager for Noritsu America Corp. (Buena Park, Calif.), the number one minilab provider in the U.S. "And that's why they wouldn't get into finishing.

"But they realized business was already going through the store and when they began seeing the proportion of processing services grow in supermarkets with finishing, they started to become more receptive. When you put in a minilab, it gives shoppers an exposure to service. Previously, supermarket operators were merchandisers. But it has become a service business. Supermarkets are recognizing that they have to provide service to keep up with competition. Even if the investment and labor costs are high, there's also a higher return, with a better profit margin."

'Half the sales of single-use cameras are impulse, so it's a great item for a checkout or an endcap. Single-use cameras can have a multiplier effect throughout the photo supply operation.'

"Supermarket executives are most often grocery oriented," says Kodak's Briddon. "However, they do realize that, while GM/HBA may only represent about 4% of volume in a typical supermarket, it can top 14% of sales. We try to help them develop a mind-set about the potential of the photo supply category. A lot of those executives are thinking about expanding the produce department, the bulk food department. We try to help convince them that the growth of photo products offers a better opportunity."

And options are available for the reluctant supermarket operator who nevertheless would like to take a shot at the photo market. Many wholesale labs—the folks who pick up the film at the supermarket for processing off-site—are offering microlabs, which they often set up and staff themselves. Usually, microlabs offer one-hour service in house for a premium and overnight service at lower cost.

"Such operations take care of the price-sensitive consumer who will wait a day," says Briddon, "but also appeal to consumers with a time priority willing to pay a little more. And they create higher visibility for film developing services."

Supermarkets that expand their photo operations also may enjoy better support from their suppliers. Recently, both Kodak and Fuji have developed support and promotion programs with the idea of becoming "imaging" suppliers. They mean to provide a broader range of product, including blank audio and video cassettes, and even computer software.

Promos Include Cassettes

Both blank audio and video cassettes advanced at a faster pace in 1990 than did film. And last year saw only the beginning of big efforts by Fuji and Kodak to link those products to their photo supply promotions. Video cassettes advanced about 7.8% in grocery outlets last year, vs. a 1% decline in all outlets. Audio cassettes grew at a 5.2% clip, only slightly behind the general pace of retail growth, which ran at about 6.1%. Audio and video cassettes increasingly will be tied into marketing programs by brand name and cross promotions, which should help them advance faster in supermarkets, relative to other classes of trade.

"I represent consumer imaging products from photographic paper to video tape and batteries," says Briddon. "We're working to find the best way to organize the entire Kodak package. We've really focused on working with our customers to get the whole idea of extending the category management for this area."

According to King of Fuji, branded imaging products offer retailers not only promotional visibility, but the kind of variety consumers are conditioned to expect. By looking at film as a microcosm of the category, supermarkets can get some idea of how the market develops, so to speak, as both operators and their customers become more knowledgeable.

"One shouldn't underestimate the majority of 35mm consumers," says King. "We're offering consumers choice. They're used to choices, even within product groups ... choices of colors, textures and such. There is a relatively high loyalty among film users, especially when it comes to planned purchases. Multiple products address the loyalty issue by offering choice under a brand banner."

But while Kodak and Fuji embrace a wide-ranging brand strategy, Polaroid Corp. (Cambridge, Mass.) has stuck with a single 35mm product: OneFilm. While some observers are doubtful about the product's chances for success in today's evolving photo supply environment, Polaroid is predicting record sales for the product. OneFilm would almost seem set to fit in with yesterday's supermarket photo operations: It is available in 35mm, 110 and 126 cartridges and disc formats. But according to Larry Swensen, Polaroid's senior marketing manager for conventional film, there is still a place for OneFilm in the store.

Idiot-Proof Product

"OneFilm is designed around a self-service strategy," he says. "It's positioned as the film to buy when you don't know what film to buy. There is a lot of growth in photo products where there is a photo finishing counter. But even in that environment, a lot of product sells as self-service. We have a variety of film promotions to encourage self-service sales and promotions that fit in with photo finishing. For example, we can do a promotion where buying a roll of OneFilm gets a shopper $3 off photo finishing. We can tailor our program to the outlet."

Swensen points out that much of the film sold in supermarkets still comes off J-hooks at aisle ends or the checkout. OneFilm is ideal for such situations, because the products are designed for anybody with a camera, thus making them ideal for generating impulse purchases, says Swensen.

While Polaroid may be simplifying film operations, like its competitors it is developing an "imaging" position for its products in general. Under the promotional theme "Nothing Works Like Polaroid's Winning Team of Products," the company has revamped national advertising: devel-

Continued on page 192

dIET

■ Diet meals aren't just less filling anymore.

Remember George Jetson's Food-a-Rak-a-Cycle? The futuristic food preparer churned out bacon and eggs, steak and potatoes, even ham and cheese sandwiches, all no bigger than the average aspirin tablet.

Through that miracle of modern science, George, Jane and the rest of the Jetsons could consume whole meals within a matter of seconds. And although today's chief concerns are now health and nutrition, rather than split-second consumption, today's diet foods are similarly geared to modern eating. But thankfully, while calorie-reduced, they still come in portions substantially larger than an aspirin tablet.

Today, diet entrees, meals and desserts pack a wide range of benefits into a small package. As Americans become more concerned with what's in their foods, diet products offer lower calorie content, reduced sodium and cholesterol, and freedom from fat.

"People who had expressed interest in calorie control in the 1980s have broadened their concerns to include health. They're interested in having a balanced nutritional product," says Roz O'Hearn, public affairs manager at Stouffer's Foods Corp. (Solon, Ohio).

"Healthy diet foods are certainly going to be one area of focus for food producers," says Kevin Lang, vice president of operations, engineering, quality and R&D at Entenmann's, the New York-based baked goods maker. "But the products must meet the expectations of the consumer."

Studies from government agencies and organizations like the National Cholesterol Education Program (NCEP) have spurred these trends, advising against the intake of fat and cholesterol, and setting standards for nutritionally balanced diet foods.

All 'Bad' Things Reduced

Diet entrees and meals from the major food producers now match this profile: they're low in calorie content, as much as 94% fat-free, low in sodium, low in cholesterol and high in percentage of recommended daily allowances of protein, vitamins and minerals.

So what separates the major products? In terms of consumer acceptance, it's often marketing and promotion. Last year's bright new superstar, Healthy

Continued on page 121

Diet foods by any other name taste sweeter...especially when that name is 'healthy.' So, these days, everybody is repositioning. But for consumers, the real bottom line is still—you guessed it—taste.

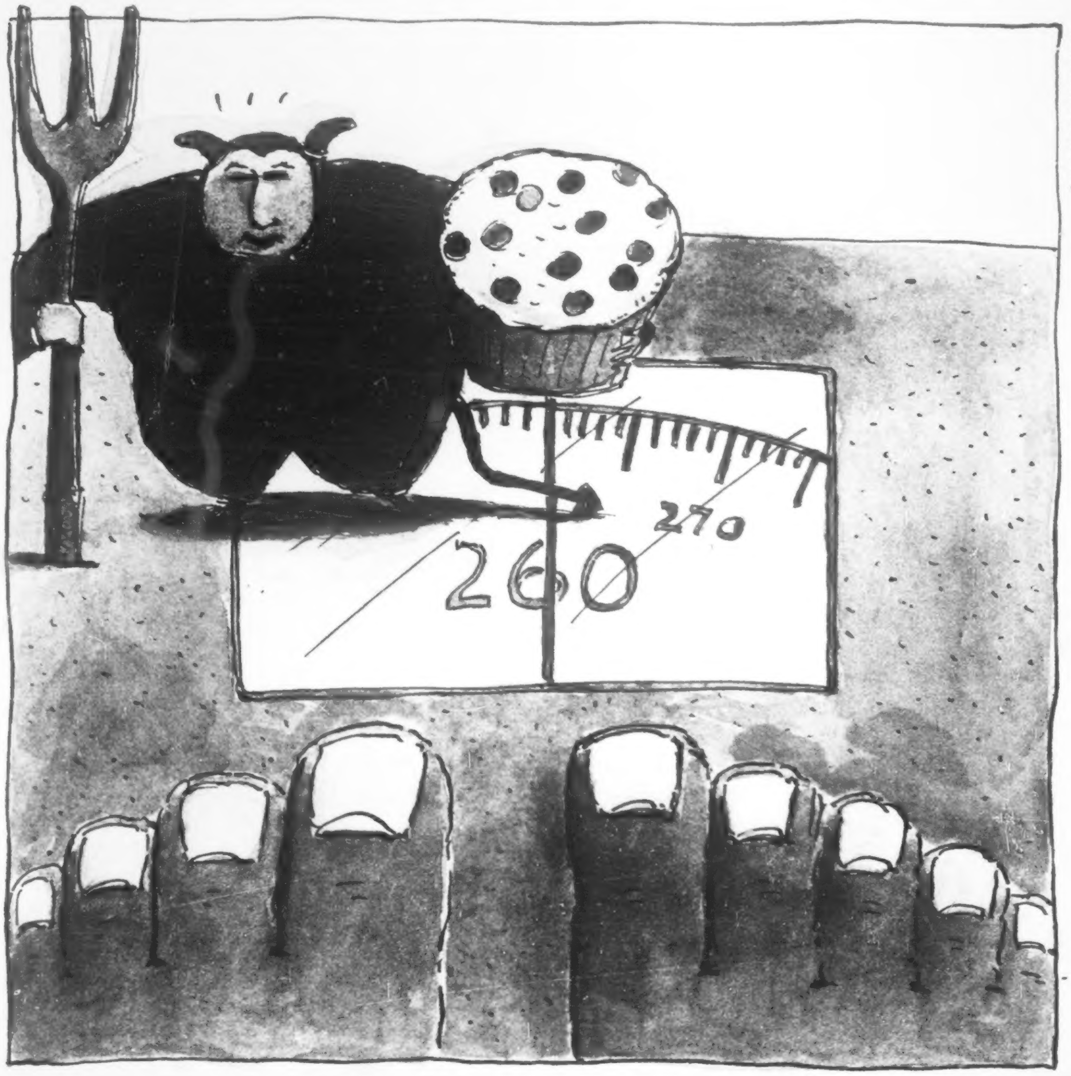

Illustration: Debbie Tilly

PRODUCE

Produce continues as a growth and profit margin star, with new voluntary labeling guidelines expected to prompt further increases. And the industry has gotten better at dealing with health scares.

■ The produce category's decade-long roll has lost none of its momentum.

According to the 1991 Consumer Expenditures Study, total produce sales increased almost 8% in 1990. This follows on the heels of an 8.8% gain in 1989. Produce also grew as a percent of total store sales. In 1989, produce represented 8.8% of total store sales, while in 1990 it grew to 9.58%, which represents growth of almost 9%.

And happily, the category has suffered none of the margin erosion seen in other once-more-profitable categories such as HBA—it's still returning a healthy 36%.

Sure, the industry has had a few setbacks in recent years, the most notable being the Alar apple scare of 1989. But the communications networks put into place in the past couple of years have served the industry well. Consider the small outbreaks that were contained before turning into blazing issues: salmonella on melons, Aldicarb on bananas, black widow spiders in grapes. "And there were others that never made it to the papers," says George Dunlop, president of the United Fresh Fruit and Vegetable Association (UFFVA). "Our industry has developed and established a communications program with the government that has allowed us to be woven into the fabric of the solution to these problems."

Dunlop says when a pesticide scare, imagined or real, surfaces, the industry is now in the loop in the decision-making process that determines what is to be done. In each case this past year, that process has resulted in quick solutions that put these fires out while still small. "Fear-mongers" have no longer been able to create panic situations that lead to political, rather than scientific, solutions," Dunlop adds. "The fear-mongers are not going to go away, but we are well-equipped to deal with them like we have never been before."

Dunlop sees microbiological pathogens being a much bigger problem in the future than pesticides. Pesticides, in general, do not pose a health risk, he contends. "But I see a very serious problem with regard to microbiological contamination as we deal more and more with cutting and processing of fresh produce."

There was a time when fresh produce was almost exclusively sold with no cutting or processing of any kind. Today, more and more produce is sliced, diced, cut, or shredded and then sold to the public. During each of these

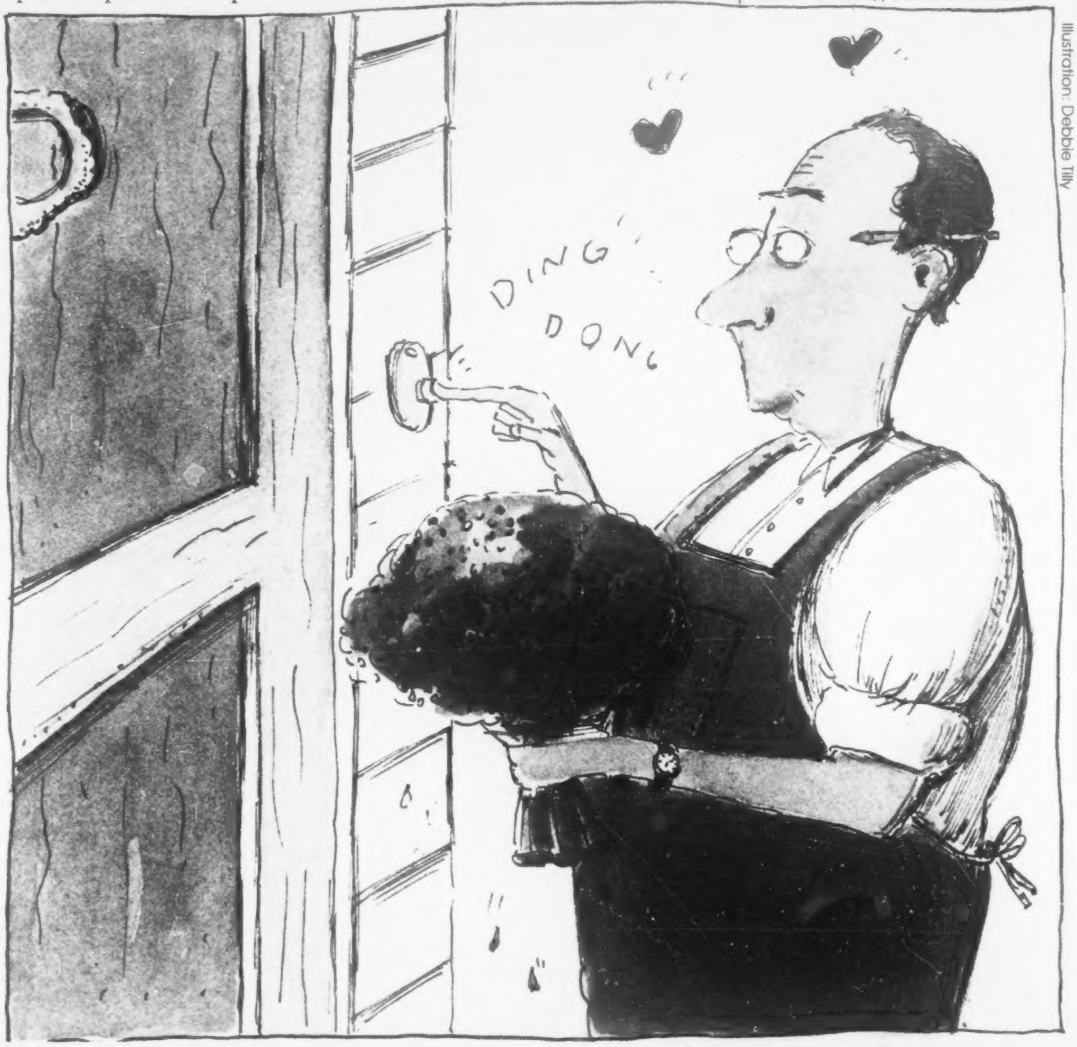

Illustration: Debbie Tilly

operations, pathogens can multiply, contaminate food and cause illness. While washing produce before it is eaten is a cure-all for most of these problems, that is not always being done by the consumer. Hence, problems will arise.

"I see sanitation concerns multiplying and I expect the FDA to get more involved than it has been with the fresh produce industry. But that is where we, as a trade association, are stepping in and helping to teach the industry what it can and can't do."

Even so, Dunlop believes the produce industry will continue to roll forward.

Nancy Tucker, vice-president of resources for the Produce Marketing Association (PMA), agrees. "We foresee a big play (at retail) on nutrition and healthful eating, and that should help the fresh produce industry," she says.

Tucker says two factors—new FDA guidelines on produce labeling and a soon-to-be-released industry promotional effort to double consumption—should result in long-range increases for the fresh produce industry.

Voluntary Compliance Hoped

The new labeling guidelines, expected to be released in their final form on November 8 by the FDA, call for voluntary compliance by retailers over the next 18 months. The program, approved by Congress, calls for the FDA to establish criteria for labeling produce and asks retailers to do voluntary nutritional labeling on the top 20 fruits and top 20 vegetables that are sold in the produce department. The final guidelines are expected to be relatively loose, and would allow signage that might be boiled down to one sign covering all items.

Next summer, the FDA is supposed to do evaluations determining how many stores have instituted voluntary nutritional labeling. Tucker said the FDA will then report its findings to Congress in the spring of 1993. Depending upon the results, Congress will either keep the voluntary program intact or institute a mandatory program. Tucker said it is understood that a store must have at least 90% of the information requested to be considered in compliance. And at least 60% of the stores studied must be in this category to avoid institution of a mandatory program.

The produce industry sees this as a win-win situation. The industry has a great story to tell, and nutritional labeling will help tell that story, Tucker says. By and large, produce is extremely low in all the "bad" ingredients: fat, cholesterol, sodium and calories, and high in the good ingredients: fiber and vitamins.

Growers and shippers are cooperating with retailers to produce the necessary nutritional information, she adds. And in general, the industry hopes the voluntary program works. But if retailers do not voluntarily comply, the produce industry would still reap the benefits from a mandatory program.

However, many produce companies are not waiting for the FDA nor retailers to institute their own nutrition labels.

The Nunes Company (Salinas, Calif.), a major producer of lettuce, has started offering nutritional information on its product. Company spokesman Matt Seeley says the firm started with lettuce because it is the company's largest-volume commodity, but that the program will be expanded in the future. "We have every intention of expanding it to all of our items," Seeley says.

To PMA, which represents retailers as well as other segments of the industry, it appears as if virtually all of the major retailers throughout the country will voluntarily comply with the guidelines, Tucker says: "We are getting calls all the time from people (retailers) looking for the information. Until we get the final guidelines, we have been advising the retailers not to print up their materials, because we do not know what will change. Our sense is that the retailers, especially the larger chains, are eager to participate."

In general, PMA's retailer members are produce and perishables executives rather than CEOs, but she said the produce vice presidents appear to have the complete support of upper management. But Tucker does not have much information on compliance by independents. Yet, their cooperation is critical for the program to remain voluntary: While large chains and independents account for more than 80% of retail sales, independents account for more than 40% of the retail outlets.

The Food Marketing Institute (FMI) and other national retailer associations are expected to make strong pitches to their members for compliance once the final guidelines are released.

A national promotion program is also expected to have a positive effect on produce sales. Patterned after a three-year Health Services program in California called "5 A Day for Better Health", the national program of the same name with the same logo is being funded by the produce industry. Executive Director Brian Krieg, who also ran the California program, said the national program will be unveiled in late October.

These pesticide scares did serve to put the industry on notice that consumers don't want excess chemicals on their fruits and veggies.

The goal is to get Americans to eat five servings a day of fruits and vegetables. This figure has been endorsed by numerous health organizations including the National Cancer Institute. NCI, in fact, is an integral part of the national program. Krieg said NCI will be using its already-established communications network to get the word out that one of the best ways to improve one's chances for a healthy life is to consume more fruits and vegetables.

Many times over the years, the produce industry has looked at instituting some kind of national promotional program, but the independent nature of growers, shippers and, in later years, commodity groups, has stood in the way of such a joint effort. The industry has reasoned that if Coca Cola, McDonald's and Hostess Twinkies can create a market for their products, why can't the produce industry do likewise? Lack of money, of course, has been the answer.

The produce industry has raised about $400,000 so far; Krieg said the goal is to raise about $1 million a year for at least the next five years. Most of this money will be used for public relations and promotional materials.

In addition, retailers throughout the country will be encouraged to redirect advertising and promotional funds to push the "5 a Day" concept. Fundraising is expected to be easier for this kind of program because there are so many different avenues of support: Tying in with NCI and stressing the health aspect of produce, Krieg said, opens up the possibility of grant money from various sources, including allied industries such as box manufacturers, who will benefit from any produce sales increase.

Another factor that should help increase consumption, according to UFFVA's Dunlop, is the continuing proliferation of produce items. Less than 20 years ago, the well-stocked produce department carried only 100 items or so. Today, the produce department has as many as 400 items, or even more if you count the various sizes, varieties and packs offered. There also appears to be no let-up in the number of new items being developed. "While we can't change our product as quickly as, say, Kellogg's can change packaging, we can come close," said Dunlop. "If the consumer wants lettuce that is a little redder, give us a couple of years and we can do it."

Dunlop said the increases in produce products and the continuing strong performance of produce profits may leave the retailer with a dilemma. "We hear that the 50,000 sq. ft. store may be a large store in the future as everyone is downscaling. If that is the case, I don't know how they can cut the produce department. How can you cut the size of the department? Shrink produce, you'll shrink sales. Increase produce, you'll increase sales."

Supermarket executives considering downsizing ought to look in areas of the store other than produce, Dunlop contends.

One category that has yet to establish a niche in most mainstream supermarkets is organic produce. "I think it has to be marketed like a specialty item," said Anne Day of

Continued on page 194

SNACK FOODS

■ When the economy goes sour, Americans entertain at home, snack foods executives say. And that's a huge boost for the snack industry.

That may be why, in 1990, suppliers and supermarket operators alike notched healthy sales gains, and snack makers continued to roll a bevy of new products and line extensions onto retail shelves.

Dollar sales of snack items in 1990 were $9.87 billion, a healthy 5.4% increase over 1989, according to the 44th Annual Consumer Expenditures Study. Pound volume increased 3.5%, to an estimated 4.72 billion, according to the Alexandria, Va.-based Snack Food Association (SFA).

New products last year were clearly targeted to generate new sales dollars, rather than transferring them from existing lines. And to a large degree, they were successful.

Goal: 'New' New Products

"Our mandate from supermarket operators is to grow categories, not just trade dollars," says Kevin Bowler, president of Eagle Snacks. "Simply trading dollars doesn't help the retailer, who is, after all, the key to our reaching consumers. If they can't see our products, they can't buy them."

Adds Keebler spokesman Stu Greenblat, "There is tons of competition for position on supermarket shelves, so we've got to make a real difference for retailers."

"The whole snack category is exploding now," says Stephen R. Barlow of Barlow Foods (Rochester, Minn.). "The new items are all working to build sales. I like items that are new and creative, rather than just a line extension. We're skeptical of manufacturers and their new items. But they do seem to be justifying their space, and the new items seem to be working."

"Business in snacks has been very good for us," says Garry Allen, general manager for Herb's Foods in Lawton, Okla. "But we feel like they've got to keep trying new items. We've had great luck with tortilla chips in large bags."

"We're looking for more than line extensions," says Jackie Minor of Scolari's Warehouse Markets Inc. in Sparks, Nev. "People are looking for something new, rather than a different size of the same old thing."

Price was also an important selling point in 1990, a year

In a recession, a night out for many Americans means a night in, with a rented movie and a bag of store-bought snacks. The snack industry took advantage of this situation by creating profit-boosting new products.

POP CORN
PRETZEL
COOKIES
PEANUTS
CHIPS

Illustration: Steve Sweny

that saw a sharp increase in the number of snack companies employing price reductions and coupons. Promotions tied to holidays such as July 4th, Labor Day, and New Year's Day were termed successful.

Indeed, snacks proved to be not only inexpensive "entertainment" in a recession, but among the best values on supermarket shelves. The 5.8% dollar sales increase was substantially less than the 8.0% recorded the year before, even though pound volume was about the same (3.5% in 1990 versus 3.8% in 1989).

Potato chips, the perennial power hitter of the snack segment, racked up retail dollar sales gains of 5.1%, to $4.2 billion. Pound volume rose 3.6%, to 1.5 billion.

Regular potato chips accounted for 49.4% of all potato chip sales, followed by ridged, with 29.95; fabricated, 13.9%; and kettle-cooked, 6.8%. Per capita potato chip consumption last year was 6.18 lbs., valued at $16.75 in retail sales.

Tortilla Chips Lead in Growth

Tortilla chips appeared to be the hottest growth snack, notching retail dollar sales of $1.48 billion, a 6.6% increase over 1989. Pound volume jumped 6.2%, to 968.3 million.

During the year, Frito-Lay (whose Doritos tortilla chip was the number-one-selling snack in the U.S., with $1.2 billion in retail sales dollars) launched a major line extension with its new Jumpin' Jack Cheese Doritos brand tortilla chips. Several other companies, including Eagle, Borden, G.F. Industries, Utz Quality Foods, Bachman and Wyandot, also rolled out tortilla chip products.

Snack nuts were the third-best-selling snack, garnering $1.6 billion in sales. But unlike the category leaders, snack nuts declined; they were down 3.2% over 1989. Pound volume dropped 4.3%, to 403.5 million.

Popcorn sales were $1.5 billion, a 11.9% increase (with pound volume up .5%, to 644.6 million). Making up the popcorn sector were ready-to-eat ($428.1 million in sales, up 16.2%); microwavable ($898.3 million in sales, up 9.3%); and unpopped ($157.5 million in sales, down 15%).

Pretzel sales jumped 12.1% last year, to $408.2 million. Pound volume rose 5.7%, to 350 million. Thins were the most popular variety, followed by twists, hard, sour dough, Bavarian, and minis.

In 1990, snack companies continued to wrestle with the public's reported concern for nutrition. For snack manufacturers especially, the issue is a perplexing one, as what consumers say often seems to have little relation to what they do.

According to the Food Marketing Institute's "Trends '91" survey, consumers are still concerned about eating too much fat, oil, salt and cholesterol ... but not quite as concerned as they were a year ago:

- 25% of consumers say they are eating less fats and oils (down from 27% in 1990);
- 10% are eating less salt (down from 15% in 1990);
- 12% are eating foods that are lower in cholesterol (down from 15% the year before); and
- 7% are eating fewer fried foods (down from 14% in 1990).

Faced with this kind of mixed message, snack companies tried to respond, rolling out a multitude of products that are low in fat, cholesterol, calories, and sodium. Yet, says Jack Corriere, SFA chairman and vice president/general manager of Utz Quality Foods Inc., he remains skeptical about Americans' devotion to nutrition, despite the survey's findings ... or perhaps because of them. Anyway, he says, the bottom line is not what people say, but what they do.

"We don't see the acceptance in the 'health-conscious' area yet," he says. "Customers are saying they want it, but they're not buying it. As is so often the case, I think people still come back and buy what tastes good."

Busy Year for Snack-Makers

Among the top five snack companies, new product introductions continued apace, as each worked both to enlarge the market-share pie and to carve out a bigger piece of it.

- Industry leader Frito-Lay Inc. (Dallas) notched 1990 retail sales of almost $5 billion, or roughly 40% of the U.S. snack market. It did so in part, according to spokesperson Stacy Ware, by completing its national roll-out of its three "light" products—Ruffles Light potato chips, Doritos Light tortilla chips, and Cheetos Light cheese puffs. Frito-Lay also introduced Jumpin' Jack Cheese Doritos tortilla chips, a line extension.

Snack companies have continued to wrestle with the public's reported concern for nutrition. For snack manufacturers especially, the issue is a perplexing one.

Crunch Tators, the company's entry in the kettle-cooked potato chip market, was expanded from selected test markets to a full 80% of the U.S. Frito-Lay also completed its test of Sun Chips, a multi-grain snack targeted at health-conscious consumers and available in both original and French Onion flavors.

- The performance of Borden Snacks and International Consumer Products Division (Columbus, Ohio) benefitted from two acquisitions: Moore's Quality Snack Foods (Bristol, Va.) and Quinlan Pretzel Co. (Denver, Penn.)

Quinlan joined Borden's Wise Foods division, which operated in its Eastern Region. Sales were bolstered by the introduction of Krunchers potato chips in New England, the Mid-Atlantic states and the New York City metropolitan area.

Borden also recently introduced a snack line under the Borden brand name for the first time, says Peter Duggan, Borden's group vice president-east. Cholesterol-free Borden Ridged Potato Chips is being rolled out in Texas, where the company enjoys what Duggan calls "strong recognition with an impactful name."

- Eagle Snacks Inc., a division of St. Louis-based Anheuser-Busch Companies, grew more than 20% last year, according to division president Bowler. Famed Odd Couple partners Tony Randall and Jack Klugman continued to help promote its Nacho Cheese and Ranch tortilla chips in ads. The company also worked to boost its volume by adding White Cheddar popcorn and Cape Cod Light popcorn; and by rolling Eagle Fancy Virginia Peanuts and Eagle Lightly Salted Mixed Nuts across the country.
- Elmhurst, Ill.-based Keebler Co. rounded out its pack line by lauching Keebler Pop Deluxe popcorn in two flavors: White Cheddar and Honey Caramel Glazed. Other new items were Hooplas!, a tube-shaped corn chip; Munch'ems, a baked snack in original, cheddar, and sour cream and onion flavors; and Pizzarias, in zesty pepperoni pizza supreme, and cheese flavors.
- Procter & Gamble Co. (Cincinnati) continued to build the Fisher Nut brand it purchased in 1989. In addition, two new flavors—popcorn and cheese—have been added to its Pringles line of potato chip snacks.

Consumers: Nuts for This?

Another major snack foods company, Planters LifeSavers Co. (a division of Winston-Salem–based RJR Nabisco), rolled out three varieties of Select Mix Nuts, a premium-priced product developed after what was reported to be exhaustive consumer research. Each variety includes cashews with either almonds and pecans, pecans and peanuts, or almonds and peanuts. Planters also introduced a new vacuum pack for fresh-roast peanuts, and a series of multi-packs called Munch 'n Go.

Supermarket operators and snack manufacturers alike think the year ahead will produce equal or even better growth, no matter what the economy holds in store. "Snacking in general will continue to grow because of our lifestyle," says SFA chairman Corriere. "And retailers like them because they generate a lot of turn for them at a high percentage income. So I see nothing but continued growth." —HOWARD RIELL

SOFT DRINKS

■ The soft drink business may very well be growing up.

If you don't believe it, go check some supermarket soft drink aisles. Look at the proportion of diet products to sugared. Then take into account bottled water, adult juices, juice based products--seriously juice based, nothing that would make the FDA mad--bottled waters, powdered drinks, "gourmet" and sports beverages.

Or, just look at the numbers. In 1990, diet soft drinks and bottled water constituted 25% of all soft drink sales. And once again in the soft drink category, gains in the diet segment outstripped those in the sugared. According to the 1991 Consumer Expenditures Study, sales of diet soft drinks in bottles grew by 3.5% as opposed to 1.8% growth for sugared products. Sales of diet soft drinks sold in cans increased 12.6% versus 11.5% for sugared. And, it might also be noted, bottled water sales advanced 15.6%.

It should be noted that those numbers don't include the low-calorie powdered drinks, herbal and iced teas, gourmet and iced coffees, juices and some other alternative drinks many people have started purchasing over the last decade or so. And the proportion of adult-oriented beverages is growing.

Today, Tap Often Spurned

Today, people are out buying what they drink, rather than getting most of it from the tap. And fewer are looking for a sugar-laden treat. People are looking for something more out of their soft drinks than they used to, much as they're looking for more from the food that they eat and the supermarket they shop.

Does that mean Coke and Pepsi are going to fade from the scene? Au contraire--Coke and Pepsi are battling harder than ever, both to win the loyalty of young, emerging soft-drink consumers, and to keep the loyalty of their older counterparts.

But will emerging maturity change the soft drink market? It already has.

Thus far, Coke, Pepsi and other traditional soft drink producers have answered the demand for adult-oriented products through a line-extension strategy. Their efforts have been two-fold: adding diet versions of branded products; and developing nascent

Colas are still going strong. But with more beverages targeting an older population, the definition of what constitutes a soft drink is changing.

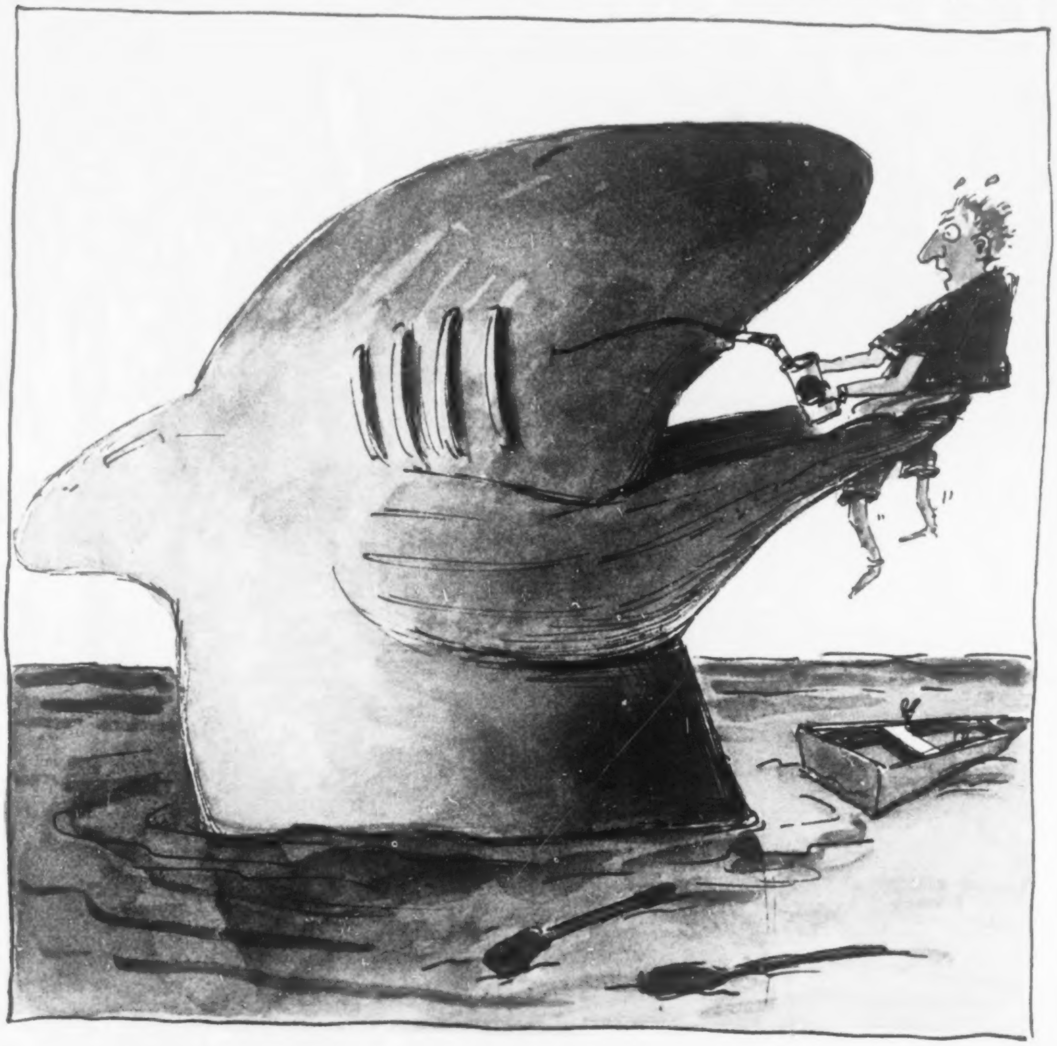

Illustration: Debbie Tilly

SOFT DRINKS

product lines around a new product designed for mature sensibilities, such as juice-added soft drinks.

While no major new product introduction will emerge from Pepsi soon, the company is exploring opportunities, many in the adult-oriented beverage segment. Pepsi is testing a sports drink as well as the Wild Bunch, its trademark cola product mixed with flavors including strawberry and tropical fruit.

Started By 'Niche' Suppliers

Sometimes, these are products created by smaller companies.

"These new kinds of beverages affect the soft drink business many ways," says Gary Gerdemann, manager of public relations for Pepsi (Purchase, N.Y.). "One way is that they introduce fresh ideas that will be exploited by bigger companies. We pioneered the juice-added category with Slice. But it makes sense for big companies to let smaller companies pioneer many niches. Companies like Coke and Pepsi are best at getting products ready for supermarkets, and getting them on the shelves and selling."

And Coke and Pepsi have turned to a big schedule of promotions, too. To romance consumers during the prime May-to-September months, they've launched the Pepsi Summer Chill Out and Coca-Cola Pop Music. Word has it that the CDs Coke provided as premiums in the Pop Music program performed a lot better than Pepsi's Magic Cans.

But, Pepsi is taking advantage of its presence in another supermarket aisle--snack food--to build a national cross-promotion program the company hopes will have frightfully good results.

"Late in September, we'll launch a program called 'Monster Match' which will include creature likenesses of Frankenstein and other creatures of the night licensed from Universal Studios," says Gary Gerdemann. "It's the first time we've teamed up with Frito Lay to do a national cross-promotion. Consumers will find game pieces in Pepsi multipacks and in Doritos as part of a sweepstakes deal."

According to spokesperson Robert Bertini, key promotions from The Coca Cola Company (Atlanta) will be based on its core Coke products, but include all major brands.

"We want to emphasize our total line with integrated multibrand promotion," Bertini says. "That's what we did with our Pop Music campaign. It's the first time a consumer product company put a CD into a multipack. We consider innovation a hallmark of The Coca Cola Company."

For both Coke and Pepsi, another hallmark of future promotions will probably be record spending levels. For they've probably reached the point of diminishing returns from line extensions of their key name brands. And over are the days of double-digit increases in soft drink consumption. In the foreseeable future, winning new customers is going to require even harder fought--and more expensive--marketing.

According to Louis Denrich, president of Valu Food, Inc. (Baltimore), line extension strategies actually may be hurting soft drink makers today and helping new kinds of products gain acceptance.

"Line extensions eventually tell consumers that something is wrong with the products," he says. "Soft drink companies are really hurting this year from what I've seen. But we're selling a tremendous amount of bottled water. We've doubled our water space to eight feet from four, and it's approaching 12 with what we're adding. We're even promoting water a lot, which we never did before. Everyone has gotten away from soda because of chemicals, sugar, calories."

"The brutal reality is that now we're seeing 3- and 5% soft drink consumption rate increases, when we enjoyed 10%, even 20% growth rates in the 1980s," Pepsi's Gerdemann says. "We have to look hard at ways to get a bigger piece of the existing pie. One way to do that is to promote product excitement about existing products as we do in our Right One ads and with the Pepsi Summer Chill Out."

Coca Cola, for its part, says it will target areas where the company detects potential, in addition to continued promotion of its core brands. "We'll continue to leverage our core brands while increasing the support we give our second-tier brands," Bertini says.

A fair amount of marketing monies will be spent within regions where opportunity exists to "switch-pitch" consumers. "We're doing regional advertising with Sprite in 10 markets where 7-Up does well," Bertini says. "We're doing a NASCAR racing sponsorship with Mello Yello. Racing has a strong following in the Southeast where Mello Yello is competing directly against Mountain Dew. We think long-term growth is there for the soft drink business because there are regions with lower soft drink consumption. There are also ethnic populations that tend to drink more soft drinks. We can also target these to win share."

> **Perhaps line extensions of big brands have reached the point of diminishing returns ... prompting a new level of promotion spending.**

With Coke and Pepsi hammering away as aggressively as ever at the market--if not, for the moment, at each other--what is the number three soft drink producer to do? According to Jim Ball, vice president of corporate communications at Dr Pepper 7-Up Co., Inc. (Dallas), the answer is: Adapt.

"Our 'priority-brand' strategy presents our products to Coke and Pepsi bottlers--who are also our bottlers--as a way to augment their total flavor line," Ball says. "As long as one-third of the main soft drink business is going to remain non-cola, we can offer them products in areas where we have leadership positions--lemon-lime and the Dr Pepper category."

Ball points out that while other products targeting adult consumers with health and nutritional positions are coming into the market, most people who try alternative beverages are really only after--as usual-- variety. He contends that offering variety is one way for supermarkets to keep their traditional beverage business strong while the alternative products sort themselves out in the marketplace.

"We've had phenomenal success all year with diet Dr Pepper, a relatively new product with its own position," says Ball. "Products like ours can enhance soft drink sales."

As for Coke and Pepsi they're not only looking to improve their position among consumers, but with their supermarket customers as well.

"A key business plank for us in the 90s is to make it easier for retailers to do business with Coca Cola," says Bertini. "That means we've trained people to deal with customers more effectively. Improving the way we deal with our key supermarket customers is important."

For its part, Pepsi aims to concentrate on selling its own products better. "It's still a volume game," says Gerdemann. "The big products are still going to be the ones that pull in sales. We're trying to tailor our programs to individual store needs and to look both at large and small stores. Some accounts can't sell a thousand-case display and we don't want to shove that kind of thing down their throats any more. Success in the future for the larger companies is going to be a function of how we take care of stores and give them what they need."

New Drink Classes Emerge

But a changing market has created a new pool of dollars that probably won't be available to Coke, Pepsi and 7-Up.

Those dollars are being pursued by companies such as Snapple Natural Beverages (Valley Stream, N.Y.); Nora Beverages U.S.A. (Stamford, Conn.); Artesia Waters, Inc. (San Antonio, Texas); Ocean Spray (Lakeville, Mass.) and the Gatorade division of The Quaker Oats Company (Chicago).

According to Carl Gilman, vice president of sales and marketing for Snapple, addressing concerns of older, more-aware and more-demanding consumers can quickly create a cachet for a beverage.

"Our niche, really, is people who care what they ingest," he says. "Our audience is skewed to the older and higher educated. Our slogan is: Made from the Best Stuff on Earth. Everything is natural and that's on the label. Our teas are fresh brewed and our lemonade is

Continued on page 196

TOBACCO

■ Anti-tobacco pressures continue to affect the domestic cigarette market. But lately, it has been consumer price resistance that has most strongly shaped cigarette retailing.

In response to that price resistance, more "value" brands were introduced. And the major tobacco companies worked harder than ever developing merchandising and marketing programs to help retailers move more cigarettes through their registers.

But with tobacco under increasing pressure, not enough supermarkets are taking the more aggressive merchandising approach needed to prevent losing, to convenience stores and mass merchants, part of what is now almost $12 billion in relatively high-profit supermarket sales.

That's the contention of at least one senior tobacco company executive. "Supermarkets haven't been pro-active in the category—they've been defensive," he laments. "They're not merchandising—or promotion-driven, and they're losing share to those trade classes that are.

"Instead of focusing on merchandising, they're focused on pilferage and shrinkage. Supermarket operators are very timid in the category."

Except, that is, where they should be exercising a bit more restraint, considering today's market conditions: "Where supermarkets are aggressive is in pricing ... so much so that they're no longer competitive," this executive asserts.

By contrast, he says, convenience stores and mass retailers have been aggressively discounting cigarettes. And they're going beyond couponing and cents-off manufacturers' deals to offering multi-pack deals of their own. Several major convenience store chains, for example, have boldly advertised cigarettes at state minimum prices, where such fair trade laws exist.

Supermarkets, this executive charges, have been slow to respond.

More Focus, Effort Needed?

Adds another senior executive, "Supermarkets are just not paying attention as they should. They're still a big part of the business, and they're very important. We still offer a lot of programs for that class, but it's convenience stores that

Faced with a fixed market 'pie,' tobacco manufacturers are slicing it thinner and thinner. So fast has proliferation occurred that, today, no one really knows how many different packs there are ... but everyone agrees it's well above last year's 420. The question is, where will we put them all?

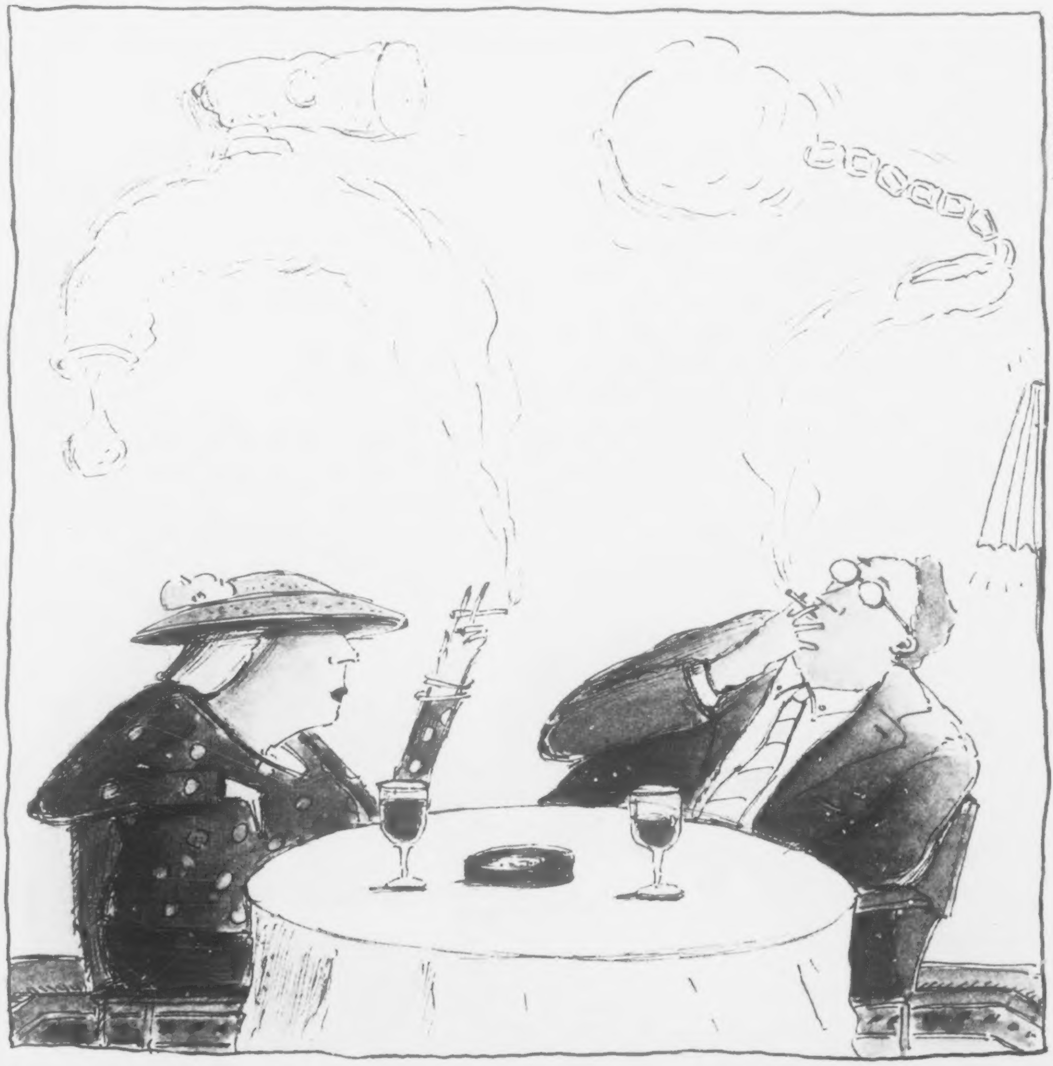

Illustration: Debbie Tilly

have been increasing their share of our business, and supermarkets have been losing some of it."

The counter-pressures in the business have been formidable, to be sure. As in past years, the domestic cigarette industry continues to experience unit declines averaging about 2.5% annually. Only because of regular semiannual price increases have overall dollar sales continued to rise.

And while product liability lawsuit action has significantly abated from several years ago, important social and legislative pressures continue. There are, for example, an increasing number of proposals to ban workplace smoking.

Moreover, cigarettes remain a tempting target for taxation by financially-strapped states and cities.

Faced with these pressures and boxed in by stiffening consumer price resistance, the tobacco companies have turned more and more frequently to new brands and brand extensions to generate excitement and capture consumer attention.

How Many? You Guess

Indeed, cigarette brands have been springing up so fast that today, it seems, no one even has a precise figure for the number of packings on the market. It is, however, generally conceded to be considerably higher than last year's estimate of 420 styles.

Of course, the tobacco companies' proliferation solution to their growth problem has created its own new set of problems for retailers at shelf-point. As brands and styles continue to multiply, merchandising of the category becomes proportionately more difficult.

Manufacturers recognize the problem, but say they have little choice ... and once again stress the need for more attention to this high-profit category at store level. Within the store, they point out, cigarette carton and pack merchandisers have one of the smallest "footprints" in the store. And while occupying the least amount of space, they consistently produce sales that put cigarettes in the top 10 product categories.

Yet many supermarket companies, they say, still can't seem to keep their cigarette merchandisers and display fixtures properly stocked and maintained.

Bigger Space Puzzle

To be sure, the task of stocking a cigarette fixture with what the neighborhood wants has become more and more complex as brand styles have proliferated ... and more effort is required to stay current, with market shifts happening faster.

Perhaps due to consumer 'sticker shock' at the price of a carton today, supermarkets are seeing a shift from carton cigarette sales to pack sales.

Recently, those market shifts have been further segmenting the "price-value" classification of cigarette products. Value-oriented cigarettes currently represent more than 16% of the total market; at their current rate of growth, they'll pass the 24% mark by year end, according to John Maxwell, a tobacco industry analyst for Wheat First Securities (Richmond, Va.).

"They are, by far, the fastest-growing segment of the industry," he observes. "And that's likely to continue, as more brands are introduced and others are repositioned."

Currently, the price-value segment includes branded generics, sub-generics, and the so-called "black-and-white" generics. The price differential at cost from full-priced brands ranges from $1.58 per carton to $5.23 per carton, according to Maxwell, who suggests that yet another price level may soon emerge.

Among the leading price-value brands are:

In "branded generics," Philip Morris's Alpine, Cambridge and Bucks; American Tobacco's American Lights; RJR's Doral; and Brown & Williamson's Richland 20s, Viceroy and Belair.

In sub-generics, Philip Morris's Bristol; American's Misty Slims; Liggett & Myers's Pyramid; Brown & Williamson's Raleigh Extra; and RJR's Magna and Sterling.

In generics, there are items from Philip Morris, Liggett & Myers and Brown & Williamson.

Additionally, there are several brands—American's Malibu and Lorillard's Kent, for example—that can be said to fall into the price-value category, based on the high frequency of couponing and price promotion of these brands.

Training Loyalty Out?

However well these price-value and proliferation approaches work in the short term to keep the cigarette plants operating at an efficient production rate, what will be the eventual result? Wittingly or unwittingly, lately the tobacco industry has been finding plenty of ways to teach consumers that the brand to which they're presently loyal is not as good as its own New! Improved! Fresher! Lower Tar! Higher Flavor! line extension ... or someone else's.

Consumers still exhibit a relatively high degree of brand loyalty when it comes to cigarettes. But for how long? Consumers used to be loyal to Tide, too, until manufacturer dealing and the deal-only warehouse store taught them that which detergent they used really didn't matter.

Yet, such long-range questions are overshadowed by the immediate black-and-white problem of this quarter's earnings statement and share figures. Hence, among the cigarette companies there can be no cease-fire in the continuing battle for market share. And so fierce has competition been that, in today's mature market, even companies that have gained share have seen their leading megabrands erode, losing share to the increasingly powerful value-oriented cigarette.

For the 12 months ending in June, Philip Morris still dominated the market with an overall 42.9% share, an increase of 0.2% from a year earlier, according to Maxwell. But while the company increased its overall share, Philip Morris's Marlboro—its leading brand and the nation's—dropped a full share point to 25.8% during the period. (Philip Morris's own estimates show an apparent recovery during the second quarter to levels consistent with the same period a year earlier.)

Further buttressing the Marlboro franchise has been a national launch beginning in June of Marlboro Medium, a cork-tipped lower-tar entry. Marlboro Medium has been supported by extensive placements, as well as print and outdoor advertising, according to Steve Bloom, vice president-corporate accounts.

Among its other brands, Philip Morris is currently testing Cambridge Lowest, a branded low-tar in the price-value segment that has been showing significant growth—so much so that it has become one of the top 10 brands. The company is also relaunching Commanders as a non-filter; and is introducing a line extension of Bristol, another strong growth entry.

In the meantime, Benson & Hedges, another Philip Morris top 10 brand, has been repositioned by means of advertising and packaging changes, according to Bloom.

Still, Discounts Needed

But these days, it seems, new brands and creative new line extensions are not enough: even the market leader has been forced to respond on price: Philip Morris's discount brand activity has increased by more than 60% during the past year, according to Hamish Maxwell, chairman and CEO.

Bloom predicts that brands will proliferate and price pressures will persist as the tobacco companies continue to fight for greater market share.

At Philip Morris, the heavy guns are pointed at R. J. Reynolds Tobacco Company, whose market share rose to 28.6% during the 12 months ending in June.

RJR scored significant gains particularly with its Doral price-value brand; and with Camel, which has been the object of a major repositioning effort, supported by extensive advertising and promotion. Both brands are among the top 10 in the tobacco category.

Doral's share has grown more than 14% during the year, to 4.5% of the market. Doral was among the first "branded generics," and still leads that category.

Camel's repositioning has been so aggressive that it has amounted to a virtual relaunch of the brand. The company took its well-known icon—Old Joe, the Camel—and updated his persona with artwork and copy that portrays a new "Smooth Character." "New Joe" now appears on everything from billboards to T-shirts.

The strategy seems to be working—Camel's share has grown to 4.2% of the market, according to Maxwell's report.

But there's even bigger news at RJR—a new outerwrap for its flagship brand, Winston. The outerwrap is said to dramatically increase freshness. Trademarked "Flavorseal" with patent pending, the wrap reportedly retains cigarette moisture—a key component of tobacco freshness and flavor—10 times more effectively than conventional cigarette outerwraps. And as an air barrier, "Flavorseal" is 1,000 times more effective, RJR says, claiming it prevents air and other aromas from entering the pack.

The new technology was actually developed for the food industry. It consists of ultra-thin polyester with a microscopic layer of aluminum. It's printed, and then heat-sealed. RJR adapted the proprietary technology for its packaging operations.

The new wrap, the company claims, will keep Winstons fresher four times longer than regular cellophane outerwraps.

New Selling Point: 'Fresh'

But a new outerwrap isn't the first step RJR has taken in the direction of greater freshness—reportedly, internal changes have improved freshness, too.

Notes Yancy Ford, Jr., executive vice president of sales, "Because of changes in our inventory practices in the last two years, RJR brands are, on average, about one month fresher than competing brands."

From now on, the "freshness" issue will play a more dominant role in RJR's advertising for all its brands, especially for the Flavorseal-Winston entry, according to the company. The Flavorseal is also considered an important step in Winston's new positioning, which began in 1989 with a repackaging. "Flavorsealed" Winstons rolled national in August.

Lorillard's share of market also improved during the most recent 12 months ending in June, increasing to 7.8%, according to the Maxwell study. That's been due in large part to the strength of Newport, the company's leading brand and the fourth largest industry brand. Newport showed growth of nearly 12% in the past year, increasing its market share to 5%.

> **'Supermarkets are not aggressive in merchandising, but they *are* aggressive in pricing—so much so that they're no longer competitive with other classes of trade.'**

At least in part, the increase is due to additional packings introduced for Newport over the past two years, including the addition of Newport Stripes.

Still, perhaps precipitated by recession's real or imagined impact, the highest level of activity this year seems to be taking place at the lower end of the market.

"Most of the action is taking place in the reduced-price segment, and within that segment the greatest activity is in subgenerics," observes Richard Orcutt, senior vice president-sales for Lorillard.

Finer 'Micromarketing'

But Lorillard has also been placing more emphasis on "micromarketing," by even more finely delineated demographic definitions than already in common use through the industry, he says. The thrust will also involve tying particular brands to particular kinds of retail outlets, he adds.

What's more, these efforts will be over and above ongoing efforts to market brands to particular geographic groups.

Lorillard has also become very aggressive in promoting its brands through a variety of added-value vehicles and updated packaging. Kent is a recent case in point. Supporting the brand's bold new look in packaging, Lorillard offered frequent promotions, such as dated coupons worth $2 per carton.

Recently, in a test in Kentucky, the company also dropped the price of Old Gold Filters. The test has now been expanded to Montana, Orcutt said. Lorillard also splits such tests, marketing a brand at a promotion price in one city and at full price in another across the country. In that way, Lorillard can better assess the brand's performance at various price points.

In general, Orcutt notes, the industry will be experimenting with more—and more-sophisticated—marketing approaches as new brands emerge or are repositioned. While most brands will be in national distribution, the key, he said, will be to "go to our strengths."

Beyond its brand strength and support, tobacco companies including Philip Morris are well-known for their aggressive retail merchandising programs and assistance ... now needed more than ever as the market changes.

Pack Sales Up, Cartons Off

Perhaps due to consumer "sticker shock" at the price of a cigarette carton today, supermarkets are seeing a shift from carton sales to pack sales.

Some, at least, are responding ... with new centrally located pack fixtures, for one thing. Centralized pack fixtures reduce shrink worries; they're positioned where they're easily seen and monitored.

"Supermarkets are awakening to the need to be in the package business, and are starting to become more aggressive in their merchandising of packages, especially with the use of centralized pack fixtures," Philip Morris's Bloom notes. "Those had not existed in many supermarkets before.

"Now, they've come to the realization that there are greater margins in package sales than in cartons, anyway." —BRENT FELGNER

12-Month Moving Average for the Top 10 Cigarette Brands for Period Ending June 1991

Market Share by Brand	1990	1991	% Change in Actual Unit Volume
Marlboro (PM)	26.8%	25.8%	(3.3)%
Winston (RJR)	6.8	8.1	(8.0)
Salem (RJR)	6.0	5.8	(3.4)
Newport (Lorillard)	4.5	5.0	11.7
Kool (B&W)	5.8	4.5	(21.2)
Doral (RJR)	3.9	4.5	14.1
Camel (RJR)	4.0	4.2	4.5
Benson & Hedges (PM)	3.8	3.4	(12.4)
Merit (PM)	3.8	3.3	(11.9)
Cambridge (PM)	3.2	2.9	(9.4)

Source: The Maxwell Report, John Maxwell, Wheat First Securities, Richmond Virginia, 1991.

12-Month Moving Share by Company for Periods Ending in June

Market Share by Company	1987	1988	1989	1990	1991	% Change in Market ('90-'91)
Philip Morris	37.4%	38.7%	40.1%	42.7%	42.9%	0.2%
RJR	32.7	31.8	31.2	28.5	28.6	0.1
Brown & Williamson	11.2	11.2	10.7	11.2	10.2	(1.0)
Lorillard	8.0	8.1	8.2	7.4	7.8	0.4
American	7.0	7.0	6.9	6.8	7.0	0.2
Liggett	3.7	3.2	2.9	3.4	3.5	0.1

Source: The Maxwell Report, John Maxwell, Wheat First Securities, Richmond Virginia, 1987, 1988, 1989, 1990, 1991.

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PHOTO SUPPLIES

Continued from page 166

oped a new camera pricing strategy; and launched its first all-brands promotion featuring a variety of products including conventional and instant films and video cassettes.

One-Use Cameras Still Hot

Yet even if photo suppliers are becoming increasingly sophisticated in how they sell their products, a pretty basic piece of equipment—the single-use camera—is still the "hot" topic if the topic is sales growth.

Single-use cameras continue to enjoy phenomenal growth, according to both Kodak and Fuji. (It's a "no-no" to call them "disposables," because that provokes the ire of environmentalists; and because in fact the cameras aren't thrown away: they are recycled and put back on the market.)

In response, both companies have expanded their lines beyond the simple view-finder cameras, designed basically for outdoor snapshot use, to include flash-equipped, waterproof and "panoramic" cameras with wider focal fields, suitable for shooting scenery.

"This category is growing really fast," says King. Fuji pioneered single-use cameras in the U.S. "We now have five Quick Snap models to address different consumer needs. And the growth line is almost vertical. The product generates positive word of mouth because people have an expectation level that makes them think: I'll get an okay print. But they get back high-quality 35mm photographs. Awareness is growing. Half the sales of single-use cameras are impulse, so it's a great item for a checkout or an endcap."

Single-use cameras can have a multiplier effect throughout the photo supply operation.

"The nice thing is that you realize incremental exposures with single-use cameras, which means you'll realize more photo finishing, more traffic, more profit and increased turns," King says. "It's a category that supermarkets really need to make a home for, not something that should be stuck on the bottom row of some planogram."

Despite continued strong growth for Kodak's Fun Saver single-use camera, Briddon cautions: "The food distribution channel has been slower to pick this one up. There is resistance in some supermarkets to selling cameras. We're trying to sell them as 'film with a lens.' We're going to introduce new racks later this year to better clarify for consumers what the products are."

Reluctant Camera Sellers

Selling cameras still is a sticky subject for many supermarkets. But as price points on the newest aim-and-shoot 35mm cameras come down, and as the number of features the cameras offer increases, camera-seller Fuji suggests that sales opportunities for the whole photo supply category in supermarkets will increase.

"You'll see increased film usage with the growth of high-quality, low-end cameras at $27 packaged in a blister pack," says King.

And, while the film segment may seem uninspiring compared to the other developments in the photo category, it remains lively nonetheless. Fuji continues to supplement its film line. Its Super HG product is benefitting from consumers on the lookout for a better-quality film for their feature-laden aim-and-shoot cameras.

Kodak, for its part, is targeting the environmentally concerned consumer with cartonless packaging for its high-end Ektar film. "The entire remaining package is made of the same material, including the label, so that it can be melted down for re-use," Briddon says. "We've designed a rack for dispensing the film in a self-service environment. We're not sure what kind of impact it will have in supermarkets.

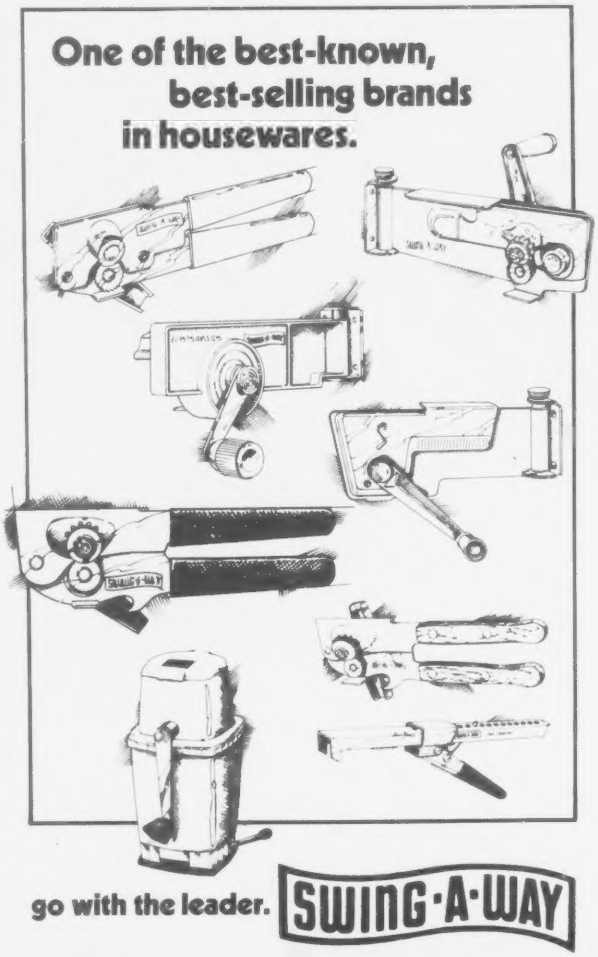
"But if consumer interest is there, it may become an opportunity." —MIKE DUFF

PRODUCE/MCCLURE

Continued from page 23

with Mexico, Chile and other Central and South American countries become a reality well before the end of the decade.

- Much of the produce volume in supermarkets is moving to salad bars, fruit bars and deli departments.
- An entirely new department that will include produce (and items from all the other perishables departments, as well) may evolve before the end of this decade: What will it be called? The *microwave foods* department.
- The demand for pot-ready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vegetables and ready-to-eat fruit has just begun. Every consumer survey shows that this is what a majority of consumers across the country are looking for.

Finally, and possibly most important, produce departments will become fruit and vegetable "classrooms." Your store will need to become ...

- The primary source of nutritional information (now required by law).
- The source of information on how to select, how to ripen, how to cook, and how to store fruits and vegetables.
- The most important and timely place to get recipes and serving suggestions.
- The place where consumers can be reassured about (and get information on) produce (and all food) safety.

The changes supermarkets will need to make to meet these challenges won't be accomplished easily, or overnight. But you won't be alone—there will be help from commodity organizations, from major suppliers, from state and federal agencies, from your industry associations and your trade publications.

Still, the primary work of adapting to change and meeting the challenges of the 1990s will come, as usual, from today's innovative, hardworking and dedicated supermarket produce professionals ... and it is they who will reap the rewards. ■

CANNED GOODS

Continued from page 130

Progresso, from Pet Inc. (St. Louis) introduced five varieties of Sodium Watch soups in November, 1990. Flavors include Hearty Minestrone, Chicken Noodle, Lentil, Green Split Pea and Beef Vegetable in 10.5-oz. cans. The company also introduced two new regular soup varieties, Corn Chowder and Cream of Chicken, in 18.5-oz. cans. It also lowered sodium levels in its B&M Vegetarian baked beans.

Shelf-Stable Juice Gains

While it would seem that canned and bottled juices and drinks would pose a feeble challenge to chilled alternatives, strong sales gains were posted by apple cider and juice (+9.1%), fruit drinks (+6.6%), aseptic juices and drinks (+5.1%), grape juice (+5.5%) and cranberry juice (+4.3%), according to CES figures.

But sagging sales for grapefruit juice (-10.3%), pineapple juice (-8.9%) and other traditional canned juices held the total category increase to 4.6%, for a supermarket total of just over $3 billion.

Manufacturers can take credit for keeping interest in the shelf-stable juice category alive, with a continuous stream of new products and blends over the past few years. And most continue fine-tuning their product lines to reach new niches and draw new consumers into the shelf-stable juice aisle.

The big new product news for Ocean Spray (Lakeville, Mass.) is the new Refreshers product line, which has a "crisper, less cloying sweet taste" than other juices. The non-carbonated product is expected to be national by next September. The current three-item line, distributed in New England, New York and Chicago, includes Cranberry Orange, Citrus Peach and Cranberry Citrus. Suggested retails are about $2.59 for a 48-oz. bottle, and $2.19 for a four-pack of 10-oz. bottles.

Tropicana's Twister shelf-stable line, introduced a little less than three years ago, expanded this spring with a Light line extension, sweetened with NutraSweet. The product, launched nationally in May, includes four flavors: pink grapefruit cocktail, orange strawberry banana, orange cranberry and orange raspberry. The 46-oz bottles retail for $2.39, and have 18 to 30 calories per serving.

Canned Fish, Meat Ebb

While tuna manufacturers seem reluctant to talk about the impact of the "dolphin safe" tuna movement on supplies and pricing, CES figures show a 6.7% decline in overall sales. That led to a 6.6% decline in the canned fish category, to $1.5 billion in supermarket sales.

Earth Island Institute, the self-appointed watchdog for dolphin-safe tuna, reports declines in dolphin deaths by U.S. fleets from tens of thousands to about 400. But the organization says that ships sailing under the flags of Mexico and other nations still set nets on dolphins, killing many thousands.

—FRANK HAMMEL

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Campbell Soup Company

BEER

Continued from page 128

market sales figures appear relatively strong in a flat or sagging market.

"We see more imported beer drinkers picking up smaller units," Beech says. "In the imported beer area, there are some people who buy no matter what the price, but they're buying lesser quantities at a time: a six-pack instead of a case. And they're buying more on a special-occasion basis."

In a tough environment for alcoholic beverages, many leading importers are working to hold on in hopes of better times.

"We're pretty much holding the fort at the moment," says Philip Van Munching, director of communications for Van Munching & Co., Inc. (New York), which markets Heineken, the top import sold in America. "The import business has taken a real hit from the new beer excise tax. It's a goodly amount of money added to the price of a six- pack. In combination with the recession, it has taken its toll.

Weak markets often favor larger companies that have deeper pockets.

Van Munching contends companies that have built brand portfolios intelligently, either through marketing brews new to the U.S. or through consolidation, should enjoy an advantage in the current market. He points to the expansion of Van Munching offerings in the 1980s as an example of how importers can build a strong line-up. The company added Amstel Light in 1980 and Buckler non-alcoholic brew in 1989.

"We've been careful to build in different segments, adding Amstel and Buckler to develop a presence in emerging segments," Van Munching says. "It's insanity to have two Canadian Lagers in the same house, or two or three European lagers."

The flexibility afforded by multiple-brand portfolios helps importers because people are buying less beer, but drinking a greater proportion of it in the home environment.

For the Guinness Import Co. (Stamford, Conn.), this translates into a need to adapt its offerings to the various conditions around the country.

"One way it affects Guinness is that we work to adapt more to a market than another importer with a more-limited product line," says Steve Hauser, group marketing director for Guinness. "Today, we've skewed our efforts more toward brands that do well in supermarkets, such as Moosehead and Dos Equis, Dos Equis particularly in California. We're looking more and more at supermarket displays and other off-premise programs. Each year, our mult- brand strategy increases the penetration of all our products.

"In the past, we've spent the bulk of our promotional budget on on-premise. But we've reallocated. I wouldn't say the majority of our budget is spent on off-premise programs, but we've develop national account teams who work with big customers on a regional basis to develop key supermarket promotions for individual stores and individual brands."

'We haven't gotten into major price-slashing. It's not good business in the long run, because what will consumers say when you try to charge them full price?'—MIKE DUFF

PRODUCE

Continued from page 170

UFFVA, who is the association's point person on organics and liaison with organic growers and processors throughout the country.

Day notes that organic processed products such as baby food have caught on, but organic produce has not. The crux of the matter is that the consumer will not pay for it. "Demand is only as big as the next scare," she observed.

During the 1989 Alar-on-apples scare, organic produce was top of mind. As such, consumers were asking for it and growers were attempting to deliver. But organic produce is not grown overnight: To be certified organic, land that grows organic produce cannot have pesticides applied on it for a three-year period. Some growers were already working toward organic production prior to the scare and were able to get some supplies to market within a year. But for most growers, the move to organic did not begin until 1989. And now, just when they have become able to produce certified organic produce, the demand for it has essentially dried up.

A typical grower reaction comes from The Nunes Company of Salinas, which has temporarily suspended its organic production. "We had to sell at least 50% of our organic production as conventional lettuce because there was no market for organics," Seeley says. "The perception is that organic produce has a worse appearance, but that is not true. We shipped a lot of stuff that looked like diamonds, but still there was no demand. We believe that whenever there is a major event, interest will rise. Interest wanes otherwise."

Seeley said Nunes was not able to get a premium for its organic product. So, since it costs more to grow it, production was suspended.

In short, although there will continue to be a market for organic produce, it will not be a major one. The typical organic produce buyer tends to shop in health food stores, rather than grocery stores UFFVA's Dunlop points out. "In some areas, supermarkets may find a clientele that will pay for organic produce, but I don't think it will be offered in every store anytime soon," he says.

—TIM LINDEN

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SUPERMARKET BUSINESS

Advertiser's Index

Advertiser	Page
ALMOND BOARD OF CAL.	24
AMERICAN TOBACCO	183
ANHEUSER-BUSCH	Cov. 2, 31-34
*BELL ATLANTIC	177
BROWN & WILLIAMSON	180-181
CALIFORNIA MILK MARKETING	144
CALIFORNIA DATE ADM.	75
CAMPBELL'S	43, 193
CATALINA MARKETING	60
CHIQUITA	168
COCA-COLA	174
CONAGRA BROILER CO.	37
CONTADINA	6
COORS BREWING CO.	Cov.3
CONWOOD	82
CRYOVAC	54-55
CUMBERLAND/ SWEET 'N LOW	26-27
DEL MONTE CORP.	18-20
DETECTO SCALE	59
DOLE DRIED FRUIT & NUT	45
DOLE FRESH VEGETABLES	22
FRISKIES PETCARE	162
GENERAL MILLS INC.	132
GLADSON	186
*GOETZE'S CANDY CO.	131
GOLDEN VALLEY MICROWAVE	67
GTE PUB COMM	8
GTE SPACENET	14
HORMEL	69
ICL	46
JAMES RIVER	13
LORILLARD	28
NISSIN	73
NORITSU	10
ORE-CAL	125
PAPERBOARD PACKAGING	98-99
PHILIP MORRIS	4-5, 80, 178
PLMA	137
PROCTER & GAMBLE	194
QUALITY CHEKD	149
REYNOLDS METALS	79
RJR TOBACCO	185
SCOTSMAN	50
SNAPPLE	Cov.4
*S&W FINE FOODS	131
SYMBOL TECH.	88
THALHEIM EXPOSITIONS	63
TURBANA	171
TYSON FOODS	49
VAN DEN BERGH	64
VAN MUNCHING	126
WEYERHAEUSER	16-17
WISCONSIN MILK MKT.	147
WRIGLEY	71

NONFOODS BUSINESS

Advertiser	Page
AMBASSADOR	156-157
AMERICAN GREETINGS	151-154
EMPAK	191
CENTURY COUNCIL	139-142
FUJI PHOTO FILM USA	87
QUALEX	190
RODALE PRESS	191
SHENS	192
SWING-A-WAY	192
3M	85

INSTORE BUSINESS

Advertiser	Page
AGA/GILES	158-159
ALTO-SHAAM	101-104
AMERICAN DAIRY ASSOCIATION	93
BIL MAR	117
BROASTER CO.	110
COUNTRY HOME	118-119
ELGIN DAIRY FOODS	120
HENNY PENNY	107
HOBART	113
J.W. ALLEN & CO.	114
MD FOODS	121
NORPAC	96
OCEAN GARDEN	90
REYNOLDS FOODSERVICE	108-109
SERVER PRODUCTS	122
STOUFFERS FOODSERVICE	94-95

* Regional

GREETING CARDS

Continued from page 155

where our growth is coming from. And we've used people who understand the culture to fine-tune our Hispanic marketing for us. For example, our people are very aware that there are more customers of Mexican background in the West; that New York has a core Puerto Rican market; and that Miami is predominantly Cuban."

Sales No Better Than Service

The right product and mix notwithstanding, it's service that makes or breaks a store's greeting card business. To that end, American Greetings this year debuted PROS, a program designed to better organize the various service functions offered by the company. The acronym stands for Product, Research, Opportunity and Support.

For example, when it comes to a product introduction such as Forget Me Not's Nature's Treasures, PROS represents the service underpinning the rollout.

"In this case, the product is designed to capture the interest of specific groups," says Moraczewski. "The research element is that the product is tested either at retail, or in simulated shopping environments. The opportunity is provided by smart promotion. The support comes from an ample sales staff, and in-store merchandisers who get the right products on the shelves at the right time."

To help supermarkets more accurately target their specific market, American Greetings offers a program, Street Smart Demographics. The company uses a data base to determine the demographic mix in the area, and then modifies its products and promotions to suit it. So if a neighborhood is dominated by traditional families, more birthday and anniversary cards will be offered. In a singles neighborhood, more Forget Me Not lines such as Couples would appear.

Developing and applying information at the individual store level is important for all card makers, says Ambassador's Fendley. "Today, you have to have cards that appeal to the people in a particular neighborhood. It's also critical to fine-tune your displays accordingly. The hardest part of our job today is making sure displays and promotions fit a particular store."

—MIKE DUFF

SOFT DRINKS

Continued from page 176

all natural as well, with no preservatives or additives. We have a sports drink made the same way and there's no other such sports drink. New age, natural products are the beverages of the 90s."

Nora Beverages U.S.A. imports Naya brand spring water from the Mirabel, Canada wells of its parent, Nora Beverages Inc. According to Stu Levitan, vice president for marketing, health consciousness—influenced by demographics—has created the market for his products.

"There is a heavy focus on being healthier and the diet itself has become something of concern," he contends. "Another aspect of the trend is that people see the damage being done to the environment, and that concerns them when it comes to beverages they consume. They're starting to worry about what's going into their bodies. People are drinking alcoholic beverages less. Baby boomers are the swell of the population and their bones are starting to creak."

Better Than Tap Water?

"You can't get what we offer out of the tap," says Rick Scoville, president of Artesia. "A lot of people won't drink what comes out of the tap. Water supplies are becoming tainted. New Orleans and Houston are in areas where there are petrochemical industries and the water in those places is really tainted. The Environmental Protection Agency guarantees that water will be disinfected, not that it will taste good. By law, tap water has to be chlorinated. But our standards are way beyond those of FDA."

Still, companies such as Artesia frequently run afoul of watchdogs who question the advantages they offer to consumers and accuse them of deceptive activities.

Last year, Perrier got a blitz of bad publicity, after a lab doing work unrelated to the soft drink business accidently discovered traces of benzine in the "Earth's First Soft Drink." Perrier then pulled its products from supermarket shelves. Initially hailed for its action, in the ensuing media scrutiny questions were raised about how the product was processed and bottled. And Perrier was forced to remove its "Naturally Sparkling" claim from the product when it was discovered that carbon dioxide from its well was removed and reintroduced during the bottling process.

This year, Artesia was attacked because it uses the same aquifer as the city of San Antonio. While the company rode out the criticism, Scoville says that the attacks betrayed a degree of ignorance about water bottling companies and what they offer.

"In our case, we have our own artesian well," he says. "I draw the analogy of drilling for oil. Your neighbor can sink a well and hit oil, but you sink one and you don't. Just four miles away from our source, you can drill a well and get salt water. The properties of the water depend on where the well is and how it's collected. When a city draws water, it chlorinates the water, it draws it through old pipes, sometimes lined with asbestos.

"What you have to worry about is companies that are bottling tap water. It actually happens. Companies draw their water from a municipal water system. That seems like a scam."

Questionable Claims An Issue

Adult-oriented beverage companies do occasionally run into credibility problems when some operators make claims that may be regarded as insubstantial, or that present their products in questionable terms. Citrus Hill orange juice was pressured into dropping the "Fresh" claim for its orange juice, and other beverage suppliers have been attacked for making claims that they are "natural" or "100 percent juice."

Coca Cola already is targeting bottled waters. Available to about 65% of the U.S. until its marketing expansion in February, Coca Cola's Fresca citrus soft drink is now set to compete against a broad array of waters, including the flavored waters that have entered the market recently.

Bigger Target Eyed

"Fresca is the first soft drink positioned against bottled waters," Bertini says.

Targeting the same consumer group is Ocean Spray (Lakeville, Mass). According to Joan Segal, business unit manager for "Refreshers," "What we are calling adults is a category of 25-to-49-year-olds we are going after. There's 90 million of them versus 22 million five-to-19-year-olds, the group traditional soft drink manufacturers go for.

"People are looking for products that lack negatives, alcohol, caffeine," says Segal. "Adults are looking for products that are less sweet."

With all the activity and new products in the adult-oriented beverage arena, the question arises: Are we seeing the birth of a new category, or its fragmentation (as happened in the frozen food case in the 1980s, as fried chicken and french fries gave way to diet, health-oriented, ethnic, and gourmet products)?

Some see a new category emerging, but Peter Vitulli, Gatorade president, says the products really constitute separate categories, even if everyone making them is after the same consumer.

"We're targeting everyone who gets thirsty," he asserts. "But we're offering people more options than ever before. I don't think consumers bunch all these products together. I think what goes on in the consumer's mind now is: If I get thirsty, what are my options? People drink soft drinks for a number of reasons and they're looking for different things. The difference we offer is we do a better job of quenching thirst. People today are more health and exercise conscious, and that plays into our hands.

"What consumers are looking for is alternatives."

This year Tropicana added a light product line to complement its Twister products and to appeal to more calorie concious consumers.

In addition, the company debuted Tropicana Juice Sparkler, a juice product with light carbonation in four flavors: orange, grapefruit, cranberry and wild berries.

But the Sparkler introduction was not without problems. During the January rollout, the company had to recall the product because it discovered that the chemical action of some spoiled product could cause a small percentage of the bottles to explode. The product subsequently has been reintroduced. And the company still holds out high hopes for Sparkler.

"We've seen a dramatic increase in the consumption of juices, bottled water and caffeine-free beverages," says Robert Soran, Tropicana President. "Last year the (sparkling juice) segment grew despite the fact that it had little attention or advertising support. With our support and terrific-tasting product, we expect the segment to experience phenomenal growth."

—Mike Duff

PET FOODS

Continued from page 164

these specialty products, they are asking for a greater share of shelf space.

To assure that they get that space, as well as the consumer attention and sales that will enable them to keep it, a number of pet food companies are trying to replicate the merchandising techniques of specialty stores ... such as free-standing display units.

Kal Kan and Purina, for example, have special "system" merchandisers that are cut into the pet food gondola. They're designed to display the supplier's line as a whole. The idea is to encourage "meat-and-meal" combination feeding and drive up the average pet food sale. Also, of course, the hope is that shoppers will stay within the manufacturer's own line to do so.

But nothing is a complete solution, and no miracles should be expected simply from a new merchandising fixture, Milone notes.

It would help, he says, if supermarkets would find ways to help encourage higher-margin super-premium sales. "I believe that grocery stores can do a better job of communicating the nutritional merit of their products, rather than competing on price alone," he points out.

The alternative, says Milone, is to allow sales to continue shifting to other outlets as soon as the recession ends...not just to specialty pet stores but to other retailers who are putting more emphasis on pet foods: mass merchandisers, discounters and warehouse clubs.

In the meantime, it has been left to suppliers to "sell" the super-premium concept to consumers. But this is difficult in today's retailer/supplier climate, several manufacturer executives observe. Explains one: "Retailer clout is increasing, and they're demanding lower prices and higher payments. As manufacturers are squeezed, they have no choice but to cut back on ads."

—Santiago Montero

SUPERMARKET BUSINESS

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VOLUME 46/NUMBER 10
OCTOBER 1991

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Fresh Vegetable
Sales Up 15.3%

Fresh Fruit
Sales Up 7.2%

1991
PRODUCE
OPERATIONS
REVIEW

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CONGRESSIONAL INFO SERVIC
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BETHESDA MD 20814

Down 0.9%

Tonnage
Down 7.9%

SUPERMARKET BUSINESS

OCTOBER 1991

VOLUME 46
NUMBER 10

page 41

FEATURES

LEAN RETAILING: AN IDEA THAT COULD MAKE FOR REVOLUTIONARY CHANGE MICHAEL J. O'CONNOR **29**

Typically, first-level supermarket employees are expected to do simple tasks with little thought; and supermarket suppliers are viewed as adversaries. This same mindless system once typified auto manufacturers...until they almost did themselves in. What can we learn from their experience?

KMART PLUNGES FEET FIRST INTO FOOD MIKE DUFF **31**

Kmart has big plans to repay the food business for stealing all those GM/HBA sales: It has a brand-new 148,000-sq.-ft. Super Kmart Center with a 53,000-sq.-ft. food store inside.

page 57

PRODUCE OPERATIONS REVIEW DAVID LITWAK & JANET TORRES CEPEDA **41**

Produce jumped a full point in share of store sales for 1990. But the increase was due to price hikes; tonnage was actually off slightly. The good news: Produce was more profitable than ever.

INSTORE BUSINESS

AT THRIFTY'S, THERE'S A NEW ANGLE ON SERVICE FRANK HAMMEL **57**

They're angling for customers at Thrifty's in Washington State, where a new three-part deli, a coffee bar, and an innovative prepared foods program are highlights of its newest Food Pavilion store.

Welcomes K to Medina, Ohio

page 31

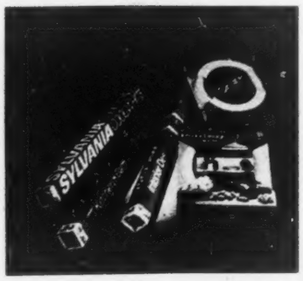
THE NAME OF PAT'S GAME IS GOOD FOOD FAST MIKE DUFF **69**

The desire for service isn't upscale—working couples need help no matter what their income level. In central Connecticut, Pat's Marketplace is responding with a beefed-up prepared foods section featuring hearty, home-cooked fare.

NONFOODS BUSINESS

A DIM FUTURE FOR SUPERMARKET LIGHTING SALES? HOWARD RIELL **81**

Aided by a bulb revolution, other classes of trade are threatening to run away with the lighting business. Here's what supermarkets can do to keep their share of these high-profit sales.



page 81

COLUMNS & DEPARTMENTS

EDITOR'S VIEW............. **5**
WASHINGTON BRIEFS **9**
TRADESCAN............... **11**
SUPPLIER SIDE............ **17**
PRACTICAL PROFIT TIPS .. **19**
TECHNOLOGY............ **25**
PRODUCE................ **52**
PREPARING FOOD......... **75**
ADVERTISERS' INDEX..... **95**
CONTEST................. **96**
CHECKOUT............... **98**

IS MORE PROMOTION MONEY GOING SOUTH?

By Ken Partch, Editor-In-Chief

Nothing has such a sobering effect on retailing and wholesaling as recession and disinflation. The latter word I picked up at a recent convention of economists, bean counters and bookcookers. (The word is not really bookcookers, but it's the best I can do in a family/business magazine.)

Disinflation is, apparently, not really deflation, but certainly not inflation. It is a balloon that is leaking very slowly. While prices are not exactly plummeting, they are falling slowly in some categories, and no longer rising in many others. I realize that the definition is rather vague, but the dismal science isn't called dismal for no reason. Why is this important? For a wholesaler it is very important, because if his business is calculated on a fixed cost of moving a case, plus whatever promotional money is available, when prices go down and promotional money begins to dry up, his total revenue declines.

The "found" money that has been slathering the industry is becoming a little harder to find, it seems. This really has some of the players excited, while small cries of "foul" and "unfair" are beginning to be heard. Faint as yet, but there.

We all knew that it couldn't last. We knew that the days of going out into the street with a grocer's apron, holding it up to the sky and watching it fill up with money, could not last. Neither could it be that manufacturers would continue to sit still for all manner of up-front payments, whether for exorbitant new product introductory allowances, pay-to-stay allowances or free-wheeling street money. The tidal wave of money has begun to show signs of ebbing.

And what are manufacturers doing? They're beginning to hold back. They're less free with the off-invoice money, and more choosy about who shall get the end-of-deal, buy-in privileges. Ho, ho, ho, and a Merry Christmas to all, is being heard on the street less frequently. Sometimes, only the selected few are hearing it at all. There is a scurrying in the leaves, and sometimes a faint call: "Hello, partner? Partner? Where is my partner?"

Some time ago, the marketing rallying cry was local marketing and niche marketing. In this scenario, the marketer would know exactly who and where his best consumer customers lurked, and where and how they shopped for what. Much ado was made about this until it finally began to dawn that building such a complex data base was going to cost a lot of money, and was it worth it? This is still being talked about, but probably with more hope than actual belief.

Ho, ho, ho, and a Merry Christmas to all, is being heard on the street less frequently.

Then it was "customer" marketing. "The wave of the future," one advocate told us. Supposedly, one could tailor one's marketing program to suit a particular retail customer—one large enough, of course—and somehow satisfy all the requirements of fair and proportionately equal treatment of all customers. Then some large regional chains (aren't they all?) sent out written notices that any local or regional deals in any markets where they had a store had better be offered to them, too.

Somewhat later, the marketing rallying cry became "partnering." This magic word was somehow going to produce a special relationship between buyer and seller (whereby all sorts of efficiencies became possible) that would produce miraculous sales and profits to everyone's benefit. Whenever it was asked how one marketer could have a special "partnering" relationship with one giant retailer without offending another giant retailer in the same market, one usually noticed a very bad telephone connection where it was difficult to hear and understand the other's response.

Now, two things seem to be happening (or are becoming apparent) that may effect greater change than all the things that have come before. First, some independents and some wholesalers are beginning to realize that they may not be participating in the deals and allowances game on anything like a fair and equal basis.

Wholesalers are realizing that considerable sales promotion money is going directly to retailers (which is where it is supposed to go, to be passed along to the consumer), and that end-of-promotional buy-ins are being offered (it is claimed) only to big chains and not to them. Further, some are convinced that terms of sale are not always the same to all classes of trade. Worse still, many are becoming convinced that manufacturers are shifting the promotional money away from off-invoice allowances to more specific market performances payable on a bill-back basis.

Could it be that the independent retailer and the wholesaler might have something in common after all? Could it be that both are endangered in a free-fall market where anything goes? Could it be that both are endangered species? ■

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1991
PRODUCE REVIEW
Operations

BY DAVID LITWAK AND
JANET TORRES CEPEDA

In 1990, supermarket produce sales were up 11.8 percent over the previous year, providing supermarkets with total produce sales of $32.47 billion.

But before nutritionists among us get too excited about an apparent jump in fresh produce's share of the American diet, one other statistic needs to be highlighted: Prices increased, as well, as weather conditions affected supply.

According to the Bureau of Labor Statistics' Consumer Price Index, prices for fresh produce rose an average of 15.6 percent during 1990. So, higher dollars going through supermarket cash registers did not necessarily represent an increase in the tonnage sold. Rather, they simply reflected higher prices of those products.

Produce jumped a full point in share of store sales for 1990. But the increase was due to price hikes; tonnage was actually off slightly. The good news: Produce was more profitable than ever.

Indeed, fresh produce tonnage actually fell last year. The amount of fresh produce sold by supermarkets in 1990 was off approximately 3.8 percent. But supermarkets were not alone in experiencing a drop-off in produce tonnage. Total produce dollar sales (through all outlets across all classes of trade) increased only 12.4 percent last year, not enough to keep up with the rise in prices.

When interpreting these dollar sales, price and tonnage figures, it should be kept in mind that in this supermarket department, the relationship between prices, the amount sold, and the amount available for sale has always been complex, with not-entirely-predictable results.

And those three variables are further affected by physical factors such as weather, pests and disease; and by psychological factors like food safety a la Alar on apples.

While these variables and factors also affect sales of processed produce products, their impact is most evident and immediate on fresh produce.

Which is to say, the recent tonnage decline should not necessarily be viewed as a pattern taking shape in the nation's diet. More likely, it's the result of an interplay of the above factors ... i.e., smaller supplies mean higher prices which can mean less demand and, therefore, slower sales.

By that logic, if prices fall somewhat this year, tonnage

PRODUCE
Operations
REVIEW

Supermarkets typically carry 200 to 300 different produce items. But 43.8 percent of the department's sales comes from just 6 groups of products. Sales of most other items are extremely small.

should increase again.

Though both fruits and vegetables suffered tonnage declines in 1990, fruit was by far the harder hit. True, dollar sales of fresh fruit increased 7.2 percent in supermarkets last year ... but the price increase was more than double that figure: fruit prices increased 15.1 percent. The net-net was a tonnage drop of approximately 7.9 percent.

Vegetables fared better. Fresh vegetable dollar sales were up 15.3 percent, while their price increase was only slightly greater, 16.2 percent. Thus, the actual tonnage loss was a bare 0.9 percent.

Overall, the impact on supermarket produce departments as a whole was ameliorated by the fact that a majority of their produce sales is vegetables ... 58.8 percent from vegetables; 40.1 percent from fruits.

Weekly Sales Up

Tonnage losses notwithstanding, the higher dollars going through supermarket produce departments annually means that, naturally, average weekly sales per department rose proportionately. In 1990, the average produce department's weekly sales were $20,306. This figure is more than $2,100 per week higher than weekly sales for the previous year.

PRODUCE CENSUS SALES & MARGINS

Produce sales rose 11.8% during 1990, reaching an all-time high of $32.47 billion. About 90% of respondents report enjoying higher produce sales for 1990 than they did for 1989. Sales for the remaining 10% matched 1989's levels.

Average weekly produce sales rose above the $20,000 mark last year, reaching $20,306. This brought the produce department's average share of store sales to 9.8%.

With an average gross margin of 36.1%, the produce department typically contributes 18.5% of the store's total profits.

Produce Units

Produce departments	30,750
Percent of all supermarkets	100%

Average Weekly Sales

Mean	$20,306
Median	$19,487

By StoreFormat

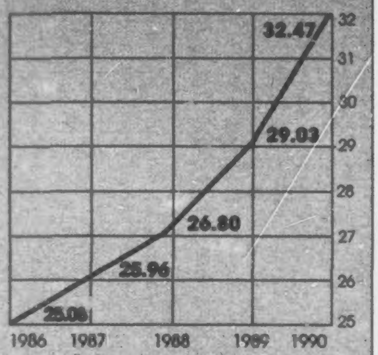
Conventional	$8,465
Super Store	$24,471

Change in Dollar Sales

(1990 vs. 1989)

Higher	90
No change	10
Lower	0
Total	100 %
Average reported increase	8.3%

Annual Sales



Sales, Profits & Margins

Share of Total Store Sales
Mean **9.8%** Median **9.4%**

Contribution to Store Profits
Mean **18.5%** Median **18.2%**

Gross Margin
Mean **36.1%** Median **34.9%**

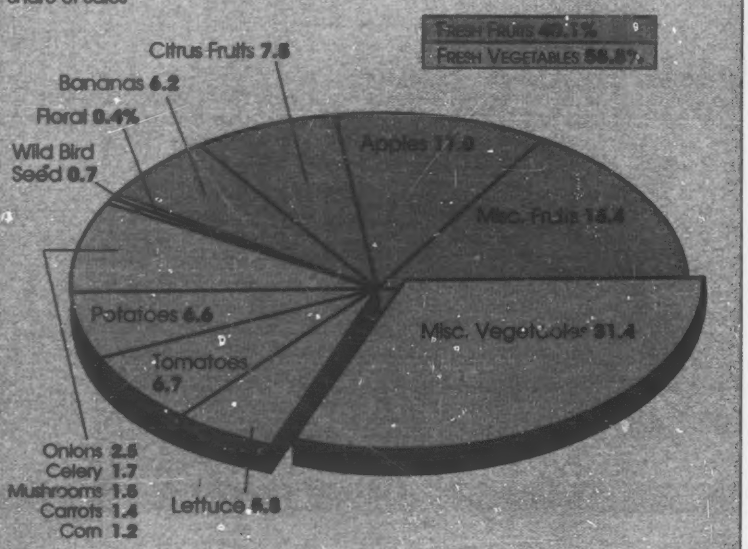
PRODUCT MIX

Vegetables represent the largest portion of produce sales. In 1990, vegetables accounted for 58.8% of the department's revenues; fruits brought 40.1%. The remaining 1.1% came from sales of wild bird seed and floral products.

The six largest produce categories are, in order: apples, citrus fruits, tomatoes, potatoes, bananas, and lettuce. Together, they account for almost 44% of department sales. Individually, the rest of the department's 200-odd produce varieties account for sales so much smaller that they are best placed together under "miscellaneous" categories.

Share of Produce Sales By Item

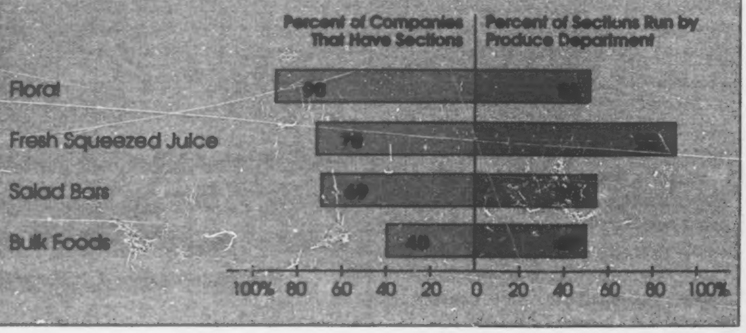
Share of Sales



PRODUCTS

Many supermarkets have special sections or value-added products that are sold through their produce sections. For instance, 90% have some floral offerings. More than half these sections are the responsibility of the produce department. Fresh-squeezed juice stations are another popular feature.

Special Sections



PRODUCE
Operations
REVIEW

The average sales per square foot of produce department space in a superstore ($4.80) are about $1 more than those in a conventional store ($3.76).

These sales increases were seen throughout the industry. Ninety percent of retailers responding to our survey reported higher produce sales for their stores last year. The remaining 10 percent indicated that their produce sales were about the same. No operator reported a decrease in produce sales.

Store Share Gains Big

On average, the produce department accounted for just under 10 percent of store sales. This was almost a full percentage point higher than the figure posted for the previous year. The jump was due largely to the dollar sales rise.

Along with the sales increase came an increase in the average gross margin on produce products, from 34.5 percent in 1989 to 36.1 percent in 1990. This resulted in a produce department share contribution of 18.5 percent to the store's total profits, up from 16.5 percent for the previous year.

What this shows is that, despite a loss of tonnage, the produce department is still able to increase its profit standing in the store: Last year, the produce department sold fewer products, but for more money and at higher profits.

As for distribution of sales and share within the produce category itself, there were few surprises. Varieties that have traditionally dominated the

SPACE, LOCATION & EQUIPMENT

Just under 100 sq. ft. of space was added to the average produce section last year, bringing its size to 4,867 sq. ft. Consequently, produce now occupies, on average, about 12% of total store space.

Produce's average weekly sales per sq. ft. rose in 1990, mainly because sales rose faster than department size. Currently, produce's average weekly sales per sq. ft. are $4.17.

Produce departments continue to increase their array of equipment. To their basic display tables and refrigerated cases, they have added more specialty equipment: Most now have pineapple corers, shrink wrappers, misters and juicers. Random weighing of produce, tied into the stores scanning systems, is now a reality in two-thirds of respondents' stores.

Average Weekly Sales Per Square Foot

Mean	$4.17
By Store Format	
Conventional	$3.76
Super Store	$4.80

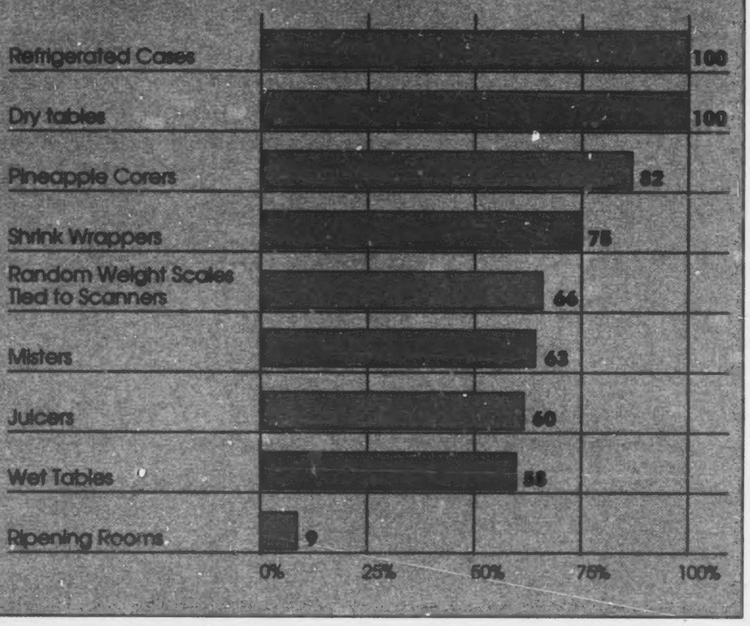
Size of Department

Square Feet of Space	
Mean	4,867 Sq. Ft.
Median	2,910 Sq. Ft.
By Store Format	
Conventional	2,250 Sq. Ft.
Super Store	8,100 Sq. Ft.

Share of Total Store Space	
Mean	12.3%
Median	11.6%
By Store Format	
Conventional	12.5%
Super Store	11.4%

Produce Department Equipment

(Percent of Stores That Have Each Item Below)



LABOR & SERVICE

Labor has become a statistical bright spot for produce operations: In 1990, it took the equivalent of 4.5 full-time employees to run the department, a drop from the 4.9 needed in 1989. With fewer employees and higher produce sales, average weekly sales per employee increased significantly: In 1990, each employee brought in an average of $4,512 per week, up considerably from 1989's $3,711.

Over three-quarters of all produce items sold in 1990 were sold from bulk displays. This preference for bulk merchandising did not change from the previous year.

Number of Employees

Full-time	2.8
Part-time	3.4
Full-time Equivalent	4.5

Full-Time Equivalent Employees

Fewer than 3	1 %
3-4	27
5-6	35
7-9	37
Total	100 %

*Two part-time=one full-time employee

Average Weekly Sales Per Employee*

Mean	$4,512
$2,000 or less	1 %
$2,001 - $3,000	21
$3,001 - $4,000	47
Over $4,001	31
Total	100 %

*Full-time equivalent employees

Labor Cost

(Labor as a Percent of Produce Sales)

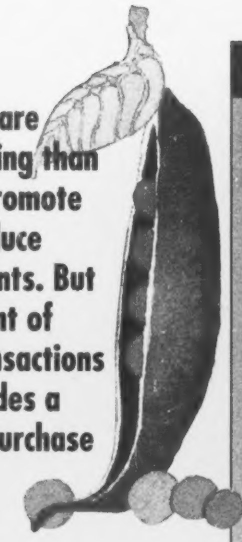
Mean	8.5%
Median	8.1%
6% or less	32 %
8%	20
9%	21
10%	27
Total	100 %

Items Sold Packaged or Bulk

(Percent of Products)

	Mean	Median
Packaged	24%	26%
Bulk	76%	74%

Retailers are more willing than ever to promote their produce departments. But the percent of store transactions that includes a produce purchase has not changed.



SUPPLY

Greater availability of imported products did not mean more items stocked in 1990; in fact, there were fewer. On average, 240 items were displayed in 1990, down from 260 in 1989. Though summer saw temporary increases, summer of 1990 saw an average of just 285 varieties, down from 1989's summer offerings.

Retailers report that virtually all produce is delivered through a warehouse; only about 4% is delivered direct to stores.

Number of Produce Items Stocked

Varieties	**Year Round** Mean **240**	**Summer Months** Mean **285**
100 or less	**30 %**	**2 %**
101-200	**15**	**9**
201-300	**34**	**40**
Over 300	**21**	**49**
Total	**100 %**	**100 %**

Sources of Supply

Delivered Direct to Store	**4 %**
Through Warehouse	**96**
Total	**100 %**

Use of Locally Grown Products Mean **12.0 %**

	(Percent of Items)
Less than 5%	**11 %**
5-9%	**12**
10-14%	**55**
15% & Over	**22**
Total	**100 %**

MERCHANDISING & CUSTOMERS

A bare 1% change was seen in percent of customers making a produce purchase, increasing from 63% in 1989 to 64% in 1990. The size of the average produce transaction increased to $2.71.

The use of signage to educate produce customers in such produce matters as exotics and nutrition increased to 96% of stores in 1990. While 56% of operators make limited use of such signage, 43% claim more extensive use.

How Customers Spend

Percent Who Shop the Produce Department

Mean **64%** Median **60%**

How Much They Spend	
Mean	**$2.71**
Under $1.00	**13%**
$1.01-$2.00	**14**
$2.01-$3.00	**38**
$3.01 or more	**35**
Total	**100%**

Use of Signage
(to Explain Varieties)

	% Companies
Use signage	**43 %**
Limited use of signage	**56**
No signage	**1**
Total	**100%**

ADVERTISING & PROMOTION

Respondents use a mix of media to promote their produce departments. During the past year, they have increased their use of point-of-purchase materials and sampling. This includes the extended use of signage within the department.

Promoting Produce	**% Use**
Newspapers	**100%**
Sampling	**94**
Point of Purchase	**94**
Circulars	**88**
Radio	**73**
Television	**60**

Produce's Share of Ad Space Compared to Share of Sales	
Greater	**66%**
Less	**12**
Equal	**22**
Total	**100%**

department still dominate it.

On average, a produce department stocks 240 items. But larger departments carry many more, especially during key periods: Approximately 49 percent of respondents' stores offer more than 300 items over the summer. Among these hundreds of items, the top six product groups account for 43.8 percent of all sales. The other 56.2 percent of sales is divided among about 200 different products, none having a produce department share greater than 2.5 percent of sales.

The "Big Six" product groups are apples, citrus fruits, tomatoes, potatoes, bananas and lettuce.

By far the largest-selling group of produce products is apples, whose $3.58 billion accounts for 11 percent of total produce department sales. But that figure was down slightly from the previous year.

Citrus fruits, which include oranges, grapefruits, lemons, limes, tangerines and other citrus varieties, at $2.43 billion account for 7.5 percent of sales. But, like apples, citrus fruits were down slightly from the previous year.

Tomatoes Gain Most Share

Tomatoes, the third largest group in share of sales, showed the largest share increase in 1990. Tomatoes' share increased from 6.3 percent to 6.7 percent on sales of $2.18 billion. Tomatoes thus just squeaked by potatoes in share (potatoes are now 6.6% down from 6.8% in 1989, with sales of $2.14 billion.)

Other products—such as carrots, celery, mushrooms and corn—represent smaller-but-still-significant share of total department sales. But the vast majority of produce items have shares so small that it makes better sense to place them all under catch-all "Miscellaneous" categories.

But those "Miscellaneous" categories are anything but extraneous; together, they add up to the bulk of the department's sales:

Miscellaneous vegetables provide supermarkets with sales of over $10.2 billion. That's 31.4 percent of produce department sales. Miscellaneous fruit reached $4.99 billion, or 15.4 percent of produce department sales. Together, miscellaneous vegetables and fruits account for 46.8 percent of the produce department's volume.

One positive aspect of

higher dollar sales coming from lower tonnage is that it makes the department's labor appear all the more productive. While there was only a small drop in number of produce employees, each employee produced more sales dollars per person.

In 1990, the average supermarket produce department was staffed by the equivalent of 4.5 full-time employees, down only slightly from the 4.9 employed the previous year. Labor costs generally accounted for 8.5 percent of produce sales.

Sales Per Employee Jump

Since weekly sales in the section are up, the average weekly sales per employee are also up. On average, each full-time-equivalent employee brings in $4,512 per week. This is up considerably from 1989's $3,711.

As for square footage, the size of the typical produce department has not changed much in the past year. In 1990, the average produce section occupied roughly 4,867 sq. ft., up slightly from 1989's 4,774 sq. ft. A superstore is likely to devote over 5,100 sq. ft. to produce, while a conventional store makes do with only about 2,250 sq. ft.

Despite the slight increase in square footage, the produce section still accounts for just 12.3 percent of total store space. This has not really changed in the past year.

Average weekly sales per square foot of produce department space have also been helped by the increase in overall dollar sales of the department. Sales per square foot were $4.17 per week in 1990, up from $3.81 a year earlier. Interestingly, average sales per square foot in a superstore ($4.80) are about $1 more than for a conventional store ($3.76).

When it comes to merchandising, the old method of letting the customer hand-pick his produce still holds sway in better than three-quarters of all supermarkets. Our Produce Operations Review reveals that 76 percent of the produce in the nation's supermarkets is sold in bulk form, with only 24 percent prepackaged.

The ratio of bulk produce to prepackaged did not change from 1989 to 1990. But indications are that it might change in the coming year: Operators report that about 75 percent of their produce departments are now equipped with shrink-wrap machines. A year ago, only about 64 percent of respondents reported having such equipment. If this equipment is available in store, it's a sure bet that operators will use it, packaging more varieties of produce in the future.

Making at least some prepacked produce available may be part of a trend to new services in the produce department. In general, supermarkets appear to be moving more into value-added produce items, at least as reflected by the equipment they're installing. The percentage of produce departments with pineapple corers is now 82 percent. Sixty percent have juicers. Seventy percent of respondents now offer fresh-squeezed juice sections in at least some of their stores. Sixty-nine percent offer their customers the added variety of salad bars.

And to increase the speed and ease of customer transactions, reduce labor, and keep better track of sales, 66 percent of supermarkets now have random-weight scales capable of printing scannable labels or marking produce with a numbered label that allows items to be weighed and logged into the scanner right at front end. A year ago, only 59 percent of supermarkets had this capability.

Saves On Labor

The benefit of this is evident in that it obviates the need to have produce employees weigh each product. It also increases front-end accuracy by properly identifying and properly pricing each item.

There are some non-edible products in the produce department that did very well last year. Non-edible does not refer to a child's description of okra and brussels sprouts, but to wild bird seed and the floral section.

These two small-but-steady performers are usually part of the produce kingdom in the store. Wild bird seed, which can be sold bagged, bulk or in bells, provided 1990 sales of $224 million. That's an increase of about 5.9 percent over the previous year. This does not include sales of caged/pet bird seed (these sales are included in grocery or general merchandise sales totals).

About 90 percent of our respondents indicated that they have a floral section in at least some of their stores. Of these, 53 percent are found in, or are managed by, the produce department. These range from a small display of potting soil with a few houseplants to full-scale flower shops complete with wire-service affiliations and floral design/event services.

Supermarket Floral Up Most

Currently, floral sales are about $134 billion in supermarkets. That's only about 16 percent of the nation's total flower and accessory market. But supermarkets are becoming an ever-more-important outlet for floral products: Supermarket floral sales grew 11.6 percent in 1990, while the floral industry as a whole grew just 5.9 percent.

As for produce department promotion, retailers seem to be more willing to promote their produce sections more aggressively than they have in the past. Sixty-six percent of respondents claim they give their produce sections a greater share of their advertising space and budgets than the department represents in share of store sales; only 50 percent made similar claims a year ago. An additional 22 percent say produce's share of ad exposure is about equal to its share of sales. Only 12 percent devote a lower proportion of ad space to produce.

Newspapers are still the most popular method of advertising the produce section, with virtually 100 percent of respondents using them. Point-of-purchase promotions and sampling were used by 94 percent of the stores, a substantial increase in produce department usage of both these promotional methods.

Has all this promotion and advertising paid off? On an average day in 1990, about 64 percent of all customers made a purchase from the produce department. This is only a slight increase from 1989's 63 percent.

Still, perhaps all that advertising did play a significant part in allowing supermarkets to maintain and even increase their produce dollar sales in the face of last year's higher sales and tonnage declines. ■

One positive aspect of higher dollar sales coming from lower tonnage is that it makes the department's labor appear all the more productive. While there was only a small drop in number of produce employees, in 1990 the department staff produced more sales dollars per person.